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Environment

2000-2001 Annual Report

Alberta

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2000 2001

Public Accounts 2000-2

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The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries.

The annual report of the Government of Alberta released June 2001 contains the Minister of Finance's accountability statement, the consolidated financial statements of the province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

On March 15, 2001, the government announced new ministry structures. Since the 2000-2001 fiscal year was substantially completed prior to this announcement, ministry annual reports and financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-2001 fiscal year against the original business plan.

This annual report of the Ministry of Environment contains the Ministers' accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Environment, regulated funds, provincial agencies and Crown-controlled corporations for which the Ministers are responsible,**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and**
- **financial information relating to trust funds.**

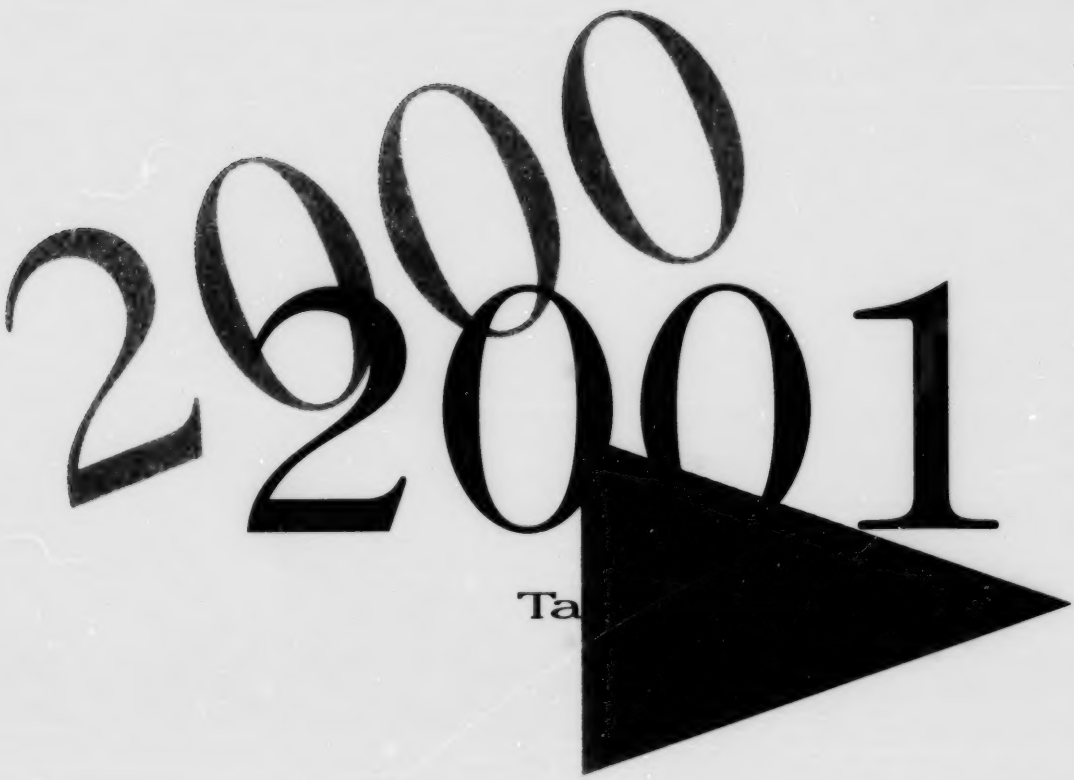
2000
2001
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Table of Contents

Public Accounts 2000-2001 — Preface i

Table of Contents iii

Ministers' Accountability Statement 1

Message from the Ministers 3

Management's Responsibility for Reporting 5

The Overview 7

- Introduction 7
- The Department 8
- Boards 9
- Organization Chart 10
- Awards 11
- Highlights 13

Results Analysis 17

- Our Core Businesses 17
- Ministry Goals 18
- Strategies 19
- Summary of Key Activities in the Past Year 20
- Future Challenges 26
- Ministry Performance Measures 27

Financial Information 47

- Analysis of Financial Results 47
- Ministry of Environment 51
- Department of Environment 69
- Environmental Protection and Enhancement Fund 97
- Natural Resources Conservation Board 109

Alphabetical List of Entities' Financial Information in Ministry 119

2000
2001
Ministers' Accountabi

Ministers' Accountability Statement

The Ministry of Environment's annual report for the year ended March 31, 2001 was prepared under our direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 7, 2001 with material economic or fiscal implications of which we are aware have been considered in the preparation of this report.

Lorne Taylor

Lorne Taylor
Minister, Alberta Environment

M. Cardinal

Mike Cardinal
Minister, Alberta Sustainable Resource Development

2000 2001

Message fro

Message from the Ministers

As devoted guardians of our province's natural resources, Alberta Environment staff ensure that Albertans continue to enjoy clean air, wholesome water and healthy lands and forests. Another vital priority is protecting our fish and wildlife species, including mammals, birds, amphibians, reptiles and plants.

Moreover, a very important department responsibility is achieving a balance between protecting the environment and helping advance Alberta's economy. Determining whether development should proceed or not proceed is based on careful examination of environmental impacts of development.

The department undertakes a wide range of regulatory activities and initiatives to ensure our environment remains well protected, now and for future generations. This is accomplished in part through a vigilant enforcement program.

Implementing stringent standards, the Ministry issued 5,800 charges for environmental offences during the past fiscal year, resulting in penalties of over $1.1 million. Administrative penalties for legislative infractions accounted for another $324,300. In addition, the Ministry issued 245 orders to compel parties to meet regulatory standards, and also initiated 2,175 written warnings.

Similarly, the department's rigorous enforcement efforts also led to more than 6,000 convictions and the collection of nearly $620,000 in fines for fish and wildlife offences, and violations related to outdoor recreational activities.

Substantial areas were set aside for new parks and protected areas, including land allotted through the Special Places program. Since the program was established in 1995, a total of 76 sites have been designated, adding nearly 1.3 million hectares to the province's network of parks and protected areas.

Considering the devastating effects of forest fires in recent years, Alberta Environment declared an early fire season. Firefighting staff were on the job and prepared to battle fires one month earlier than usual, on March 1, 2000. The department also shared its firefighting expertise by lending staff to fight fires in neighbouring American states.

The Ministry took the issue of greenhouse gas emissions and climate change very seriously. Its Bureau of Climate Change provided leadership on the development and implementation of provincial government policy decisions regarding climate change. Activities focused on provincial and national-international climate change actions and supporting the government's participation as a partner in Alberta's Climate Change Central.

Another important goal was continuing to develop partnerships with communities. A good example is the Northern East Slopes Sustainable Resource and Environmental Management Strategy — developed in co-operation with other partners and stakeholders for a 40,400 square kilometre area in central Alberta. This regional planning approach incorporates economic, environmental and community values in the sustainable management of resources in the region.

As part of the department's commitment to community-level service, 90 additional staff were hired to serve in various communities. These personnel included a number of conservation officers and additional wildlife specialists and biologists to assist with delivering the province's endangered species prevention program — which has been in place for more than 25 years.

Understandably, the people of our province have had great expectations of Alberta Environment. With the division of responsibilities of some Ministries on March 15, 2001, some functions and activities of the former Environment department were transferred to Sustainable Resource Development and Community Development. Through this new structure, our government remains firmly committed to the best overall health of Albertans and of our natural heritage.

Lorne Taylor
Minister, Alberta Environment

Mike Cardinal
Minister, Alberta Sustainable Resource Development

Management's Responsibi

Management's Responsibility for Reporting

The Ministry of Environment includes: the Department of Environment, the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, we ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry of Environment for the year ended March 31, 2001 rests with the Ministers of Sustainable Resource Development and Environment. Under their direction, we oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

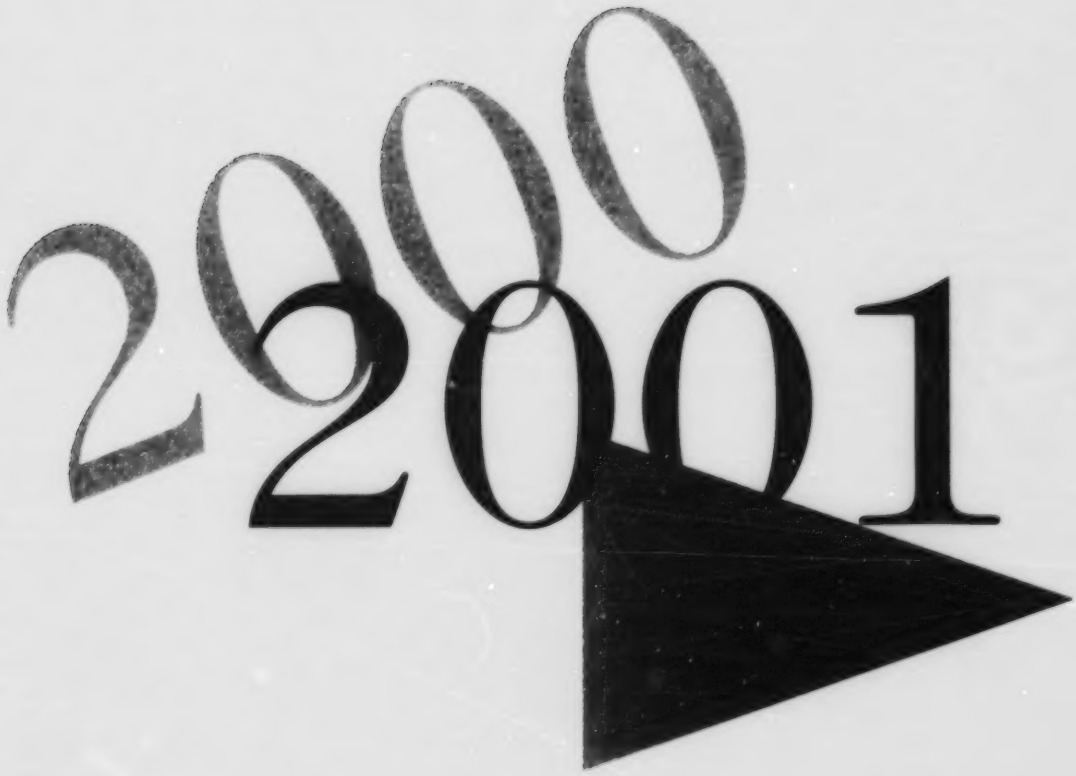
As Deputy Ministers, in addition to program responsibilities, we establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and the Ministers of Sustainable Resource Development and Environment any information needed to fulfil their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling our responsibilities for the Ministry, we have relied, as necessary, on the executive of the individual entities within the Ministry.

Roger Palmer
Deputy Minister, Alberta Environment

R.J. (Bob) Fessenden
Deputy Minister, Alberta Sustainable Resource Development


2000
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INTRODUCTION

The Ministry business plan for 2000-2003 provided Alberta Environment with clear directions outlined in goals, strategies and key activities. Results for the 2000-2001 fiscal year demonstrated that this Ministry proved to be an effective and performance-driven organization.

The Ministry of Environment is composed of the Department of Environment as well as two Boards: the Environmental Appeal Board and the Natural Resources Conservation Board. As well, the department is responsible for the Environmental Protection and Enhancement Fund.

The department's key services are delivered through three line services consisting of Environmental Service, Natural Resources Service and Land and Forest Service.

Since it was established in 1999, the department's Bureau of Climate Change has made progress toward identifying innovative and practical long-term solutions to address the risks of climate change. In addition, the Policy Secretariat continues to support an integrated approach to the policy analysis and developmental needs of the department.

Alberta Environment aligns departmental goals with the Alberta government's goals as follows:

People

We continued to set standards and guidelines for air, land, soil and water quality. Monitoring and enforcing these standards with industry, municipalities and individuals contributes to the overall health and high quality of life for Albertans.

Prosperity

We continued to dedicate resources to the effective and responsible delivery of our core businesses — resource management and environmental hazard management. These core businesses are crucial to Alberta's long-term prosperity and economic well-being.

Preservation

We continued to balance our economic well-being with environmental preservation by supporting research in priority areas such as air, land, water, climate change, sustainable ecosystems, environmental assessment and regulatory systems. Research in these areas will assist in long-term preservation of our environment.

THE DEPARTMENT

The Department of Environment is organized into four main areas: Environmental Service, Natural Resources Service, Land and Forest Service and the Bureau of Climate Change. These groups are supported by Financial Services, Human Resource Services, Communications Division, the Policy Secretariat, and the Alberta Corporate Service Centre.

Environmental Service (ES)

Doug Tupper

Assistant Deputy Minister

427-6247

ES ensures the protection, enhancement and wise use of the environment through integrated, consistent and effective environmental management strategies and programs. ES develops sustainable resource and environmental management policies and standards, issues pollution prevention and control approvals for industrial and municipal operations, manages the environmental assessment review process and leads the department's compliance program. Programs are supported with science-based decision-making, environmental monitoring and performance measurement, current and stringent standards, compliance assurance and enforcement, public education and stakeholder partnerships.

Land and Forest Service (LFS)

Cliff Henderson

Assistant Deputy Minister

427-3542

LFS' mission is to ensure sound stewardship of Alberta's public lands and Crown forests. To achieve this, LFS manages the use of public lands and Crown forests, reviews and approves all geophysical activity on Crown land (both White and Green Areas) and ensures these activities conform to applicable provincial regulations and standards for land and forest resource use.

Natural Resources Service (NRS)

Morley Barrett

Assistant Deputy Minister

427-6749

NRS is responsible for the management of Alberta's water, wildlife and fish, and parks and protected areas. NRS is committed to the wise use and sustainable development of these renewable resources to support a prosperous provincial economy, a healthy environment and a high quality of life for present and future generations of Albertans. This responsibility is met through monitoring, careful and fair resource allocation, public education, enforcement and management of parks, protected areas and water capital works.

Bureau of Climate Change

John Donner

Assistant Deputy Minister

415-8183

The Bureau reports to the Sustainable Development Co-ordinating Council and supports government policy, program development, and co-ordination across government. It also supports government participation in Climate Change Central, a multi-sector partnership between public and private sectors. The Bureau's objective is to continue to expand Alberta's climate change response, consistent with Canada's national implementation strategy on climate change, which supports sensible action to manage the risks and impacts of climate change.

BOARDS

The Minister of Environment is responsible for the Environmental Appeal Board and the Natural Resources Conservation Board. These Boards operate at arm's length from the department and report directly to the Minister.

Environmental Appeal Board (EAB)

Dr. William Tilleman

427-6207

The Environmental Appeal Board, consistent with the *Environmental Protection and Enhancement Act* and the *Water Act*, seeks to provide fair, impartial and efficient resolution of all matters before it. Its goal is to advance the protection, enhancement and wise use of Alberta's environment.

The board has the power to make recommendations to the Minister of Environment on matters brought before it, with the Minister making the final decision. On matters relating to requests for confidentiality, stays, costs and administrative penalties, the board makes the final decisions. The board does not replace or eliminate the right of Albertans to seek judicial review in the courts consistent with common law practice.

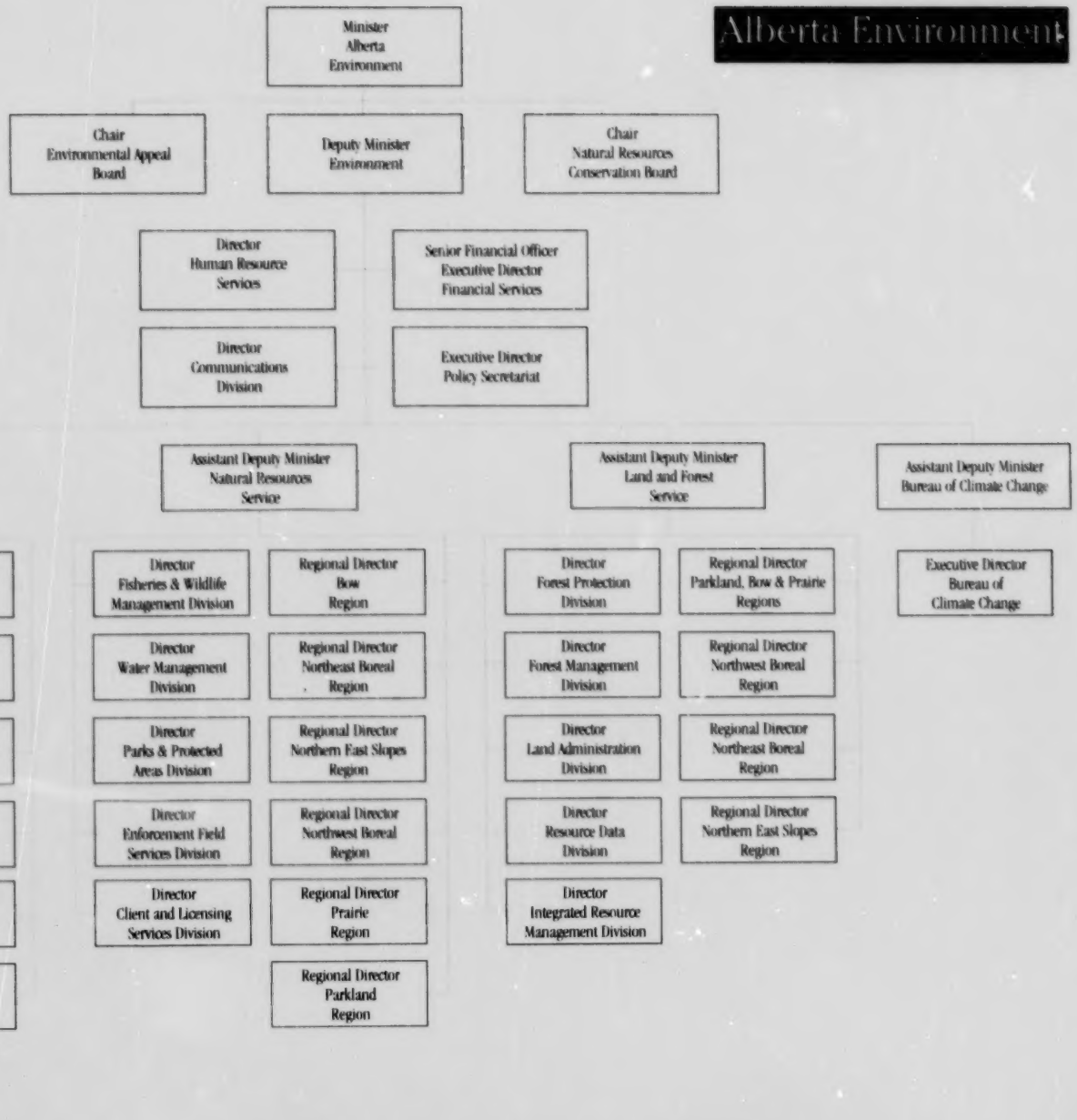
Natural Resources Conservation Board (NRCB)

Dr. Brian Bietz

422-1977

The core business of the NRCB is to review applications for major natural resources projects. It provides an open, fair and impartial review process for projects that will, or may, affect the natural resources of Alberta. The hearing process contributes to the achievement of sustainable natural resource development, reflecting the public interest. The *Natural Resources Conservation Board Act* and the *Environmental Protection and Enhancement Act* require the approval of the NRCB, the Minister and Cabinet, for certain projects from the forest, recreation, tourism, and mining industries, as well as water management projects and others referred to the board by Cabinet.

Alberta Environment



Premier's Award of Excellence
Bronze Category

project: Multi-Stakeholder Group on Particulate Matter and Ozone

presented by: Government of Alberta

Team members began a comprehensive public consultation process with stakeholders on new standards for fine particulate matter and ground level ozone. This included using a model to track exposures to airborne chemicals and the resulting human health effects. Positive results include improved understanding of the issues, implications and benefits of new Canada-wide standards for particulate matter and ozone.

VCR-MVR Inc.
Leadership Award

VCR inc.

project: Leadership in reducing greenhouse gas emissions

presented by: Voluntary Challenge and Registry Inc. (VCR)

This national award recognized the Alberta government's leadership in reducing greenhouse gas emissions. Alberta Environment staff were among members of the cross-government team that earned the award. Alberta is the only province in Canada to win a VCR Inc. Leadership Award.

Emerald Award
Special Award Category

EMERALD AWARDS
TENTH ANNIVERSARY

project: Oldman River Basin Water Quality Initiative

presented by: The Alberta Emerald Foundation

The Oldman River Basin Water Quality Initiative was established to respond to public concerns about water quality in the Oldman River basin. Group members conducted research and engaged a wide range of stakeholders in determining and applying solutions. Water quality monitoring was conducted at sites along waterways and at some ground sites, and monthly samples were collected and tested for 51 variables. Studies are ongoing, and stakeholders are implementing practices to improve water quality.

National Honour Award for Planning and Analysis

project: **Southern Rockies Landscape Planning Pilot Study**

presented by: **Canadian Society of Landscape Architects**

This award recognized the Southern Rockies Landscape Planning Pilot Study, a regional land use planning study for an area of approximately 5,000 square kilometres in southwestern Alberta. The study supported forest management planning and integrated resource management planning. By developing applicable spatial modelling tools, the department was able to predict changes in habitat conditions for wildlife species over sizeable landscapes and long periods of time.

Alberta Conservation and Reclamation Inspectors Special Award

ALBERTA CHAMBER OF RESOURCES

project: **Recognition of longtime work in conservation and reclamation inspection**

presented by: **Alberta Chamber of Resources**

Since 1963, Alberta's conservation and reclamation inspectors have ensured that industrial developments are built, operated and reclaimed in a sustainable manner. In acknowledgement, the Alberta Chamber of Resources presented Alberta Environment with the Alberta Conservation and Reclamation Inspectors Special Award — recognizing the department's longtime work in conservation and reclamation inspection.

IPAC Gold Award

Government of Alberta
2001 IPAC
Gold Award
for Innovative
Management

project: **IPAC Gold Award for Innovative Management**

presented by: **The Institute of Public Administration of Canada**

The Alberta Public Service has been awarded the Gold IPAC Award for Innovative Management for its Corporate Human Resource Development Strategy — an innovative approach to meeting the human resource needs of the Alberta government. This is a long-term commitment to learning, leadership and the promotion of the Alberta public service as an attractive employer.

Through the award, the Alberta government has the honour of employing the IPAC logo on its stationery, publications and for other purposes over a period of three years.

HIGHLIGHTS

Alberta Environment's Water Assurance Initiative

Public concerns about water are increasing. Although the current water management systems and processes effectively sustain Alberta's water resources, potential areas of concern are emerging. Alberta's objectives with respect to water include:

- safe secure supplies of drinking water,
- reliable water supplies for economic development,
- healthy rivers and lakes,
- risk management for floods and droughts.

The Water Strategy will endeavor to deal with public concerns by considering several of the following strategies:

- effective drinking water supply, treatment and distribution of water,
- rapid response to water safety and security issues,
- efficient physical infrastructure for the management of water and wastewater, and
- skills and knowledge for integrated systems and decision-making needed for sustainable development and management of cumulative effects.

Pursuing the four objectives and developing various strategies requires a comprehensive, over-arching approach that recognizes a range of timeframes and must address short-term and long-term issues.

Alberta Environment is working with other departments to develop strategies that will ensure Alberta's water is well managed for all Albertans. These departments include Health and Wellness, Agriculture, Food and Rural Development, Economic Development, Innovation and Science, Transportation, and Municipal Affairs, as well as the Alberta Research Council.

AENV's Timely Approvals Process

AENV staff responded to the overwhelming demands for access to land and resources across the province. In 2000, the department issued 13,136 dispositions and letters of authority for oil and gas. Its prompt and thorough review process helps maintain the "Alberta Advantage."

The department led the review of 24 major projects through the environmental assessment process in 2000-01. Over $12 billion of projects were announced and are proceeding due in part to the timely and clear reviews and approvals provided by AENV.

AENV will continuously improve its approvals and dispositions process to help Alberta's economy grow and prosper while protecting the environment.

AENV's Response to Climate Change

AENV works toward innovative and practical long-term solutions to address the risks of climate change. In partnership with a broad range of stakeholders, including other Alberta government departments, AENV aims to provide provincial, national and international leadership in minimizing and responding to risks to the provincial economy and the Alberta way of life.

AENV has the lead in implementing each of the government's priority action areas:

- science and technology,
- business and individual action,
- energy-efficient government operations,
- environmental and economic challenges and opportunities,
- communicating with Albertans,
- Climate Change Central — a public/private sector partnership for co-ordinating climate change activities.

Through these priority action areas, AENV is positively influencing two of the Ministry's key performance measures: "Government Action to Reduce Greenhouse Gas Emissions" and "Action by Alberta Organizations to Reduce Greenhouse Gases (GHGs)."

Significant Progress Made in Alberta's Special Places Program

Significant progress was made in protecting Alberta's "special places" in 2000-2001. Through the Special Places program, 13 new sites were created and three others expanded — the greatest number of sites since the program was announced in 1995. Over 10 per cent of the province is now protected by law — the second highest in Canada. Since the program's inception, a total of 76 sites have been designated, adding nearly 1.3 million hectares to Alberta's network of parks and protected areas. The Special Places program is continuing, with eight additional sites still under review.

Alberta's parks and protected areas will continue to be managed to support a healthy environment and a high quality of life for Albertans. Commitments that existed prior to the establishment of new parks and protected areas will continue to be honoured.

The Special Places program addresses gaps in Alberta's parks and protected areas network, thereby preserving representative examples of the province's natural heritage for the benefit of future generations, and helping to protect the environmental diversity of Alberta.

The success of the Special Places program is measured in part through the performance measure "Area of Parks and Protected Areas in Alberta."

AENV Protects Aquatic Ecosystems Through Stringent Guidelines

Good water quality is essential for a sustainable and prosperous Alberta. One common measure used to gauge the effect on river water of treated pulp mill wastewater releases is biochemical oxygen demand (BOD).

Oxygen is required in the biochemical breakdown of organic matter in pulp mill wastewater. This breakdown may decrease the amount of oxygen available to aquatic organisms. Thus, an excessive amount of these releases could cause a shortage in the oxygen necessary to keep an aquatic ecosystem healthy. To help control the amount of these substances released to aquatic ecosystems, pulp mills are issued approvals, which restricts the amount of BOD that can accompany the release of substances into river water.

By using and examining the "Pulp Production versus Amount of Substance Discharged" environmental indicator, data shows that the amount of BOD released per tonne of pulp has dropped substantially over the past 10 years. Currently, Alberta's average maximum allowable BOD level, 3 kg/air-dried tonne (ADT) of pulp, is one of the most stringent guidelines in the world. AENV, through its business planning and performance measures system, is setting the stretch goal of 1 kg/ADT — a benchmark for the world. Reducing BOD discharges to the lowest practical level protects Alberta's aquatic ecosystems from oxygen depletion and contributes to pollution prevention.

The table below shows that AENV has among the most stringent limits for pulp mills in Canada. In addition, Alberta has set limits for other parameters (total suspended solids [TSS], organic halides [AOX]) where water quality concerns (based on the *Surface Water Quality Guidelines for use in Alberta*) are applicable.

This is truly a national success story, as AENV and the pulp producers of Alberta are "setting the bar."

Regulation Limits Comparision for Pulp Mills in Canada (kg/ADT)

Parameter	Federal	British Columbia	Alberta	Ontario	Quebec built prior to Oct. 22/92	Quebec built after Oct. 22/92
BOD						
Daily	2.7 to 12.5	7.5	3.0 to 6.0[4]	10.0	8.0	4.0
Monthly	1.35 to 7.5	7.5	1.5 to 3.0[5]	5.0	5.0	2.5
TSS						
Daily	5.4 to 18.75	18.75	6.0 to 10.0[6]	13.4	16.0	6.0
Monthly	2.7 to 11.25	11.25	3.0 to 5.0[7]	7.8	8.0	3.0
AOX						
Daily	0.8 to 3.0	-	0.93 to 3.0[8]	3.22, 1.93, 1.03[2]	1.5(hw), 2.5(sw)	0.3
Monthly	0.5 to 1.5	1.5[1]	0.55 to 1.5[9]	2.5, 1.5, 0.8[2]	1.0(hw), 2.0 (sw)[3]	0.25

Source: *Organization for Economic Co-operation and Development (OECD), Environmental Requirements for Industrial Permitting, Country Profiles on the Pulp and Paper Sector, Part Two (1999).*

[1]In B.C., all mills had to meet a limit of 1.5 kg/t by 31 December 1995. Under new regulation, mills must eliminate bleach plant AOX releases by 2002.

[2]The three values shown for Ontario had to be met by 23 February 1994, 31 December 1995, and 31 December 1999 respectively.

[3]In Quebec, the limit for monthly AOX is 0.8 kg/t by year 2000.

[4]Alberta Environment has set daily BOD limits that were not included in the OECD report.

[5]Alberta Environment has set monthly BOD limits that were not included in the OECD report.

[6]Alberta Environment has set daily TSS limits that were not included in OECD report.

[7]Alberta Environment has set monthly TSS limits that were not included in the OECD report.

[8]Alberta Environment has set daily AOX limits that were not included in the OECD report.

[9]Alberta Environment has set monthly AOX limits that were not included in the OECD report.

2000
2001

Our Core Businesses

The 2000-2003 business plan for the Ministry of Environment built on the results of previous plans, dedicating resources to the efficient, effective and responsive delivery of the Ministry's core businesses. The plan also focused resources on the priorities of the Alberta government — People, Prosperity and Preservation.

Accomplishments and performance measures reported in this document are organized according to the goals and strategies of the 2000-2003 Ministry business plan. Once again, the Ministry's accomplishments demonstrated its commitment to the sustainable management of Alberta's environmental and natural resources. The key to maintaining Alberta's dynamic resource-based economy for now and the future is protecting water and air quality for the safety of communities and ecosystems that enhance the quality of life for Albertans.

The Ministry's core businesses focused on the following:

Core Business 1:
Resource Management

The Ministry strives to ensure that the use of Alberta's renewable natural resources (including air, water, soil, fish and wildlife, forests and vegetation) is sustainable. This is accomplished through the development and implementation of legislation, policies, plans and programs, standard setting, compliance monitoring, ambient monitoring, renewable resource inventories, environmental impact assessments and appropriate allocation of resources through approvals and dispositions.

The Ministry strives to ensure the environmentally responsible development of non-renewable natural resources in close collaboration with other ministries having a related mandate.

Core Business 2:
Environmental Hazard Management

The Ministry reduces the risks of environmental hazards to people, property and the sustainability of our renewable natural resources. This is achieved by fighting forest fires, controlling problem wildlife and forest pests, flood and drought risk management, cleaning-up of hazardous spills and combating other pollution-related risks.

MINISTRY GOALS

The Ministry directly supports seven of the 18 goals from the Government of Alberta business plan; those most relevant to our Ministry's core businesses. Ministry goals adopted from the Alberta government business plan and AENV's role are shown below:

Goal 1
The high quality of Alberta's environment will be maintained.

(Alberta government business plan goal 16)

Environment develops standards and takes action to protect the quality of air, land, water and ecosystems. Maintaining public safety, conserving resources, and protecting the environment are accomplished through various mechanisms such as approvals, the appeal process and an effective compliance assurance program. The Ministry ensures that there is clear responsibility and accountability for environmental management.

Goal 2
Alberta's natural resources will be sustained.

(Alberta government business plan goal 15)

Environment ensures that clear, effective direction and guidelines are provided for the stewardship, use, management, regulation and protection of Alberta's renewable and non-renewable resources. This includes reducing the impact of natural hazards such as fire, drought, flood and pests on people, property and resources.

Goal 3
Albertans will have the opportunity to enjoy the province's natural, heritage and cultural resources.

(Alberta government business plan goal 17)

Environment is responsible for the protection and management of Alberta's parks and protected areas. The department plays a leadership role in the development and delivery of bias-balanced environmental education materials, to encourage environmental stewardship and ensure that Albertans improve their understanding of the environment. Environment is highly committed to providing opportunities for Albertans to influence environmental protection and resource management decision-making.

Goal 4
Albertans will be healthy.

(Alberta government business plan goal 1)

The quality of air, water and soil can affect the health of Albertans. Environment sets standards and guidelines for air, land, soil and water quality, as well as monitoring and enforcing these standards with industry and municipalities.

[redacted]
(Alberta government business plan goal 6)

Environment plans and sets standards for the use of natural resources, including game, fish, Crown timber and land. The sustainability of these resources contributes to the future prosperity of Albertans.

[redacted]
(Alberta government business plan goal 14)

Environment is committed to managing risks to the environment and ensuring sustainable development. The department reduces the risks to Albertans and their property from natural hazards such as forest fires and floods. Environment assists municipalities in preparing for and responding to emergencies.

[redacted]
(Alberta government business plan goal 10)

Environment operates, maintains and manages infrastructure for water management, forest fire detection and prevention, parks and protected areas management, and air and water monitoring.

STRATEGIES

The Ministry developed six related strategies that contribute to the achievement of Ministry goals. These strategies support all goals.

[redacted] Establishing policy and legislation to ensure the protection of our environment and the proper use of our renewable and nonrenewable resources.

[redacted] Developing strategies, guidelines, standards and plans to ensure the protection of our environment and the proper use of our renewable and nonrenewable resources.

[redacted] Providing effective and efficient decisions regarding the use of resources and protecting the environment through approval processes.

[redacted] Monitoring the environment, ensuring compliance with approvals and dispositions, and reducing risks by managing hazards.

[redacted] Providing Albertans with opportunities to contribute to environmental issues and initiatives as well as informing them on various issues of concern.

[redacted] Providing effective information technology, human resources and financial support to the Ministry.

MINISTRY GOALS

The Ministry directly supports seven of the 18 goals from the Government of Alberta business plan; those most relevant to our Ministry's core businesses. Ministry goals adopted from the Alberta government business plan and AENV's role are shown below:

Goal 1

The high quality of Alberta's environment will be maintained.

(Alberta government business plan goal 16)

Environment develops standards and takes action to protect the quality of air, land, water and ecosystems. Maintaining public safety, conserving resources, and protecting the environment are accomplished through various mechanisms such as approvals, the appeal process and an effective compliance assurance program. The Ministry ensures that there is clear responsibility and accountability for environmental management.

Goal 2

Alberta's natural resources will be sustained.

(Alberta government business plan goal 15)

Environment ensures that clear, effective direction and guidelines are provided for the stewardship, use, management, regulation and protection of Alberta's renewable and non-renewable resources. This includes reducing the impact of natural hazards such as fire, drought, flood and pests on people, property and resources.

Goal 3

Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources.

(Alberta government business plan goal 17)

Environment is responsible for the protection and management of Alberta's parks and protected areas. The department plays a leadership role in the development and delivery of bias-balanced environmental education materials, to encourage environmental stewardship and ensure that Albertans improve their understanding of the environment. Environment is highly committed to providing opportunities for Albertans to influence environmental protection and resource management decision-making.

Goal 4

Albertans will be healthy.

(Alberta government business plan goal 1)

The quality of air, water and soil can affect the health of Albertans. Environment sets standards and guidelines for air, land, soil and water quality, as well as monitoring and enforcing these standards with industry and municipalities.

Goal 5
Alberta will have a prosperous economy.
(Alberta government business plan goal 6)

Environment plans and sets standards for the use of natural resources, including game, fish, Crown timber and land. The sustainability of these resources contributes to the future prosperity of Albertans.

Goal 6
Alberta will be a safe place to live and raise families.
(Alberta government business plan goal 14)

Environment is committed to managing risks to the environment and ensuring sustainable development. The department reduces the risks to Albertans and their property from natural hazards such as forest fires and floods. Environment assists municipalities in preparing for and responding to emergencies.

Goal 7
Alberta will have an effective and efficient infrastructure.
(Alberta government business plan goal 10)

Environment operates, maintains and manages infrastructure for water management, forest fire detection and prevention, parks and protected areas management, and air and water monitoring.

STRATEGIES

The Ministry developed six related strategies that contribute to the achievement of Ministry goals. These strategies support all goals.

Strategy 1: Establishing policy and legislation to ensure the protection of our environment and the proper use of our renewable and nonrenewable resources.

Strategy 2: Developing strategies, guidelines, standards and plans to ensure the protection of our environment and the proper use of our renewable and nonrenewable resources.

Strategy 3: Providing effective and efficient decisions regarding the use of resources and protecting the environment through approval processes.

Strategy 4: Monitoring the environment, ensuring compliance with approvals and dispositions, and reducing risks by managing hazards.

Strategy 5: Providing Albertans with opportunities to contribute to environmental issues and initiatives as well as informing them on various issues of concern.

Strategy 6: Providing effective information technology, human resources and financial support to the Ministry.

Summary of Key Activities in the Past Year

The following key activities contributed to the achievement of ministry goals and strategies. Many were achieved through partnerships, crossing traditional organizational structures.

Water

- Environment (AENV) initiated the Water Strategy.
- Two codes of practice: Pipelines and Telecommunication Lines Crossing a Water Body, and Watercourse Crossings were implemented.
- The *Drainage Districts Act* D39.1 was proclaimed January 19, 2001. The regulations, by-laws and guidelines came into force with the proclamation of this Act.
- In partnership with Alberta Agriculture, Food and Rural Development (AAFRD), an updated One-Window application process for approvals for shoreline/water body modification under the *Water Act* and *Public Lands Act* was developed.
- A draft policy on Groundwater Allocation/Management was completed. This policy is a prelude to the code of practice for groundwater exploration.
- Completed an audit of 45 groundwater projects to ensure that standards were being followed.
- Undertook extensive development of water quantity modelling including validation of irrigation demands using AAFRD models.
- Made significant progress on the Northern Rivers Ecosystem Initiative (NREI) scientific research agenda. This agenda was compiled in response to recommendations made by the Northern River Basins Study (NRBS).
- Environment was instrumental in the City of Calgary initiating the revision and subsequent enforcement of its updated sedimentation and erosion control requirements.

Waste

- A joint Alberta Energy and Utilities Board (EUB) and AENV memorandum of understanding (MOU) on the Harmonization of Waste Management in Alberta was signed on May 31, 2000. The MOU clarifies the jurisdictional roles of the EUB and AENV, thereby reducing regulatory duplication, promoting an equivalent level of environmental protection and public safety, and reducing liability through appropriate waste management.
- The document *A Proposed Management Framework for Reclamation and Remediation of Oil and Gas Exploration and Production Sites in Alberta* was released for public comment in January 2000. The department continues to develop the framework.
- AENV worked toward implementing a comprehensive solid/hazardous waste tracking system for all approved facilities based on the *Industrial Waste Identification and Management Options* guide. This guide assists in defining a consistent industrial waste code system that can be used to select environmentally sound and cost-effective recovery and disposal management options.
- Over 133 municipalities and communities across Alberta hosted environmental round-ups, collecting almost one million litres of hazardous material. This represents a significant increase from 1999/2000, when 109 municipalities participated by collecting approximately 726,000 litres of hazardous material. Environment provided $1.4 million in 2000/2001 to cover the costs of transportation, treatment and disposal of materials collected.

Air

- At their June 5 - 6th meeting, the Canadian Council of Ministers of the Environment (CCME) endorsed the Canada-Wide Standards (CWSs) for fine particulate matter (PM 2.5), ground level ozone, benzene and mercury (emissions from incinerators and base metal smelters).
- The Alberta Multi-Stakeholder Group for Particulate Matter and Ozone won the Premier's Award of Excellence for their work in developing the CWSs for PM 2.5 and ground level ozone.
- At its November 23rd meeting, the Clean Air Strategic Alliance (CASA) board approved the terms of reference for the CASA Multi-Stakeholder Project Team developing Alberta's Implementation Plan for Particulate Matter and Ozone CWSs.
- Completed 10 mobile air quality surveys and initiated five mobile air quality surveys (102 survey days).
- AENV worked in partnership with regional stakeholders, including representatives of aboriginal communities, industry, environmental groups and other levels of government, in a variety of technical working groups dealing with the Regional Sustainable Development Strategy (RSDS) for Alberta's oilsands. The focus of the work was to initiate the development of interim management objectives. This was year one of the five-year implementation plan.

Land Administration and Forest Management

- Guidelines for land use management were maintained and enhanced using the environmental field reports or siting information report for dispositions. These ensured that timber was salvaged whenever possible and that appropriate environmental protection was achieved.
- The total number of applications received for public land dispositions increased approximately 25 per cent, from 11,433 in 1999-2000 to 14,206 in 2000-2001. The increase in volume was primarily in industrial applications and reflects the increased activity in the oil and gas sector. The number of industrial dispositions and letters of authority increased by approximately 25 per cent, from 10,530 in 1999-2000 to 13,136 in 2000-2001 and were issued within established timelines.
- Three Forest Management Plans (FMPs) were approved:
  - Weldwood: Dec. 13, 2000
  - Millar-Western: Sept. 19, 2000
  - Ainsworth: Jan. 12, 2001
- Alberta Forest Genetic Resources Council was established to advise the department on policy, issues and programs related to tree improvement and genetic resource management. The Council consists of members representing the industry, government, scientific and biological sectors.
- In response to the need for up to date access mapping, a three-year project to use satellite imagery for a digital map update of the province was completed this year. Alberta has many demands for access to natural resources and public land. Up to date access mapping supports land management and is critical for forest firefighting.

Environmental Hazard Management

- AENV operates a 24-hour emergency response centre that receives calls related to environmental matters. This fiscal year the Centre received approximately 10,000 calls.
- The Forest Protection program exceeded targets for the percentage of fires detected within 5 minutes, and was 2 per cent below target for the percentage of fires detected before 0.1 hectares.
- The majority of municipalities and counties within and adjacent to Forest Protection Areas had Mutual Aid fire agreements in place.
- The Detailed Forest Management Planning (DFMP) manual was revised, incorporating the concept of a FireSmart landscape that will include Forest Management Agreements (FMAs) into forest management plans. A FireSmart Landscape is a landscape that is designed with a harvest pattern that limits the spread rate for fires.
- A new system for scanning real-time data and a modelling platform were implemented for flood forecasting.
- Flood operating procedures for the Dickson, Waterton and St. Mary's Dams were updated.
- Consultation initiated for a Flood Risk Management Action Plan for Alberta.
- A flood risk area was designated in Okotoks in May 2000.

Biodiversity/Species

- The recovery plan for sage grouse was initiated and is near completion.
- Six detailed Species Status Reports were completed and input was provided for the Wild Species 2000 Report, a national species at risk report published in March 2001.
- Peregrine falcons were upgraded from an endangered to a threatened species in 2000.
- The Endangered Species Conservation Committee met on three occasions, published their first annual report and recommended the listing on several species at risk.

Parks

- Significant progress was made as a result of the Special Places program in 2000-2001. Albertans can be proud of the program's success in preserving representative examples of Alberta's natural heritage for the benefit of future generations. Since the Special Places program was announced in March 1995, a total of 76 sites have been designated, adding nearly 1.3 million hectares to the province's network of parks and protected areas. In 2000, 13 new sites were created and three others expanded — the greatest number of sites since the program was announced in 1995.
- Special Places program targets in the Canadian Shield and Rocky Mountain Natural Regions were met. Local committees successfully completed their mandates and submitted their recommendations for all candidate sites in Alberta.
- Management plans were completed for Whitehorse Wildland Park and are continuing in Evan Thomas Provincial Recreation Area, Bob Creek Wildland and Black Creek Natural Area.

- The Alberta's Parks and Protected Areas travel guide and destination map were reprinted.
- Developed standards for design and content of park-specific Web sites. Completed several new Web sites including Cypress Hills Provincial Park, William A. Switzer and Your Gateway to Outdoor Adventure - a new trip planning Web site including over 300 Web links within the parks and protected areas network.
- Encouraged private sector involvement in the operation and maintenance of parks and recreation areas; 66 per cent of the 350 sites that have facilities permitting contracts were operated under Facility Operating Agreements (FOAs).

Compliance

- In June 2000, the Environment Minister approved "Compliance Assurance Principles" (CAP). This approval included a commitment to update legislation, and compliance assurance programs to meet the compliance assurance principles.
- Completed construction of an electronic database to track compliance and enforcement business functions under environmental, forestry, public lands, fisheries and wildlife legislation.
- Throughout the fiscal year, AENV initiated 5,800 charges, resulting in penalties of approximately $1,100,000 levied by the courts. A further 107 administrative penalties resulted in an additional $300,000 being assessed. Total penalties for the fiscal year exceeded $1,400,000.

Information, Consultation and Education

- The Ministry Information Centre provided the following service to the public during fiscal year 2000-01:
  - served 12,729 visitors within and outside of Alberta
  - responded to 6,458 email requests on Ministry programs
  - handled 31,317 telephone calls
  - served 6,793 walk-in visitors
  - distributed 25,515 Ministry publications
- New education materials on stream ecology, climate change and species at risk were produced for use in schools, and by youth groups and the public.
- Teacher workshops were delivered across the province on various environmental topics including wetlands, species at risk, climate change, water quality and forest protection. Workshops were also delivered through universities to pre-service teachers.

Climate Change

- Alberta's commitment to actions on climate change were rolled into the first national Business Plan on Climate Change, which was approved for release by Joint Energy and Environment Ministers in late 2000.
- Climate Change Central (CCC) officially opened with offices in Calgary and Edmonton, with three support staff from AENV.
- A public education and outreach hub was established at CCC with federal support.

Approvals

- A new Standard Clauses Committee was established to oversee the effectiveness of approvals. This included the process for introducing new approval conditions and for amending existing ones.
- Initiated audit process to evaluate how well approvals were written, in keeping with the principles of being clear, concise, reasonable, and enforceable. The first audit will be done in 2001.
- Completed the Environmental Assessment (EA) review for a sandstone quarry near Peace River.
- Initiated the EA review of a run-of-the-river hydroelectric project at Dunvegan.
- Created a funding framework supporting a cross-governmental approach to EA reviews, and initiated a review of EA and approval requirements for power plant projects.
- AENV and Alberta Agriculture, Food and Rural Development (AAFRD) received 3,244 reclamation certificate applications, held 2,728 inquiries and issued 2,477 certificates. Slightly more than 90 per cent of the inquiries resulted in reclamation certificates, the highest success rate since 1993, when statistics were first collected.
- The Municipal Program Development Branch worked actively with Municipal Affairs, Alberta Urban Municipalities Association, and Alberta Association of Municipal Districts and Counties — to ensure that municipal waterworks, wastewater and solid waste programs were meeting the needs of urban and rural Albertans.
- The Environmental Appeal Board processed and closed 53 files in 2000, employing alternative dispute resolution, one-member panels, and hearings/preliminary meetings by written submissions whenever possible, to reduce associated costs. Of these closed files, 26 involved issuing a decision or report and recommendations and none were judicially reviewed (to date).

Intergovernmental

- In 2000, Alberta chaired the Canadian Council of Forest Ministers and co-chaired the Wildlife Ministers Council of Canada and the Canadian Council of Fisheries and Aquaculture. These Councils agreed to undertake an integrated approach to cross-governmental issues such as biodiversity, climate change, and the United Nations World Summit on Sustainable Development in 2002.
- On June 5 - 6th, 2000, the Canadian Council of Ministers of the Environment:
  - ratified Canada-Wide Standards (CWS) on Particulate Matter and Ozone, Benzene (Phase 1), mercury emissions from incineration and base metal smelting.
  - approved CWSs on Dioxins and Furans, Petroleum Hydrocarbons in soil (led by Alberta) and mercury products in fluorescent lamps and dental amalgams.
  - approved work plans and benchmarks for the delivery of a CWS for mercury emissions from coal-fired electrical generators by early 2002.
  - approved the Harmonization Sub-Agreement on Inspections and Enforcement.
- AENV worked with the Provincial-Territorial Working Group to develop recommendations to aid the federal government in improving legislation.

Resource Management

- The Northern East Slopes (NES) Strategy was initiated through the selection of a Regional Steering Group. The group produced an interim report that detailed the public's visions, values and goals for the NES Strategy.
- Provided funding and advice for operational integration projects such as the Alberta Chamber of Resources Integrated Landscape Management Program.

- In the past year, AENV worked in partnership with AAFRD to improve agricultural environment management by:
  - Reviewing and providing input on the draft voluntary 2000 Code of Practice for Responsible Livestock Development and Manure Management.
  - Participating on the Environmental Farm Plan Steering Committee to begin the development of a voluntary program for procedures to address environmental risks.
  - Providing representation on the Land Stewardship Action Team, which is formulating a framework whereby communities pay for the environmental goods and services provided by managers of agricultural landscapes.

Human Resources

- A human resources plan for the Ministry was developed and implemented.
- A leadership continuity program was developed and implemented.
- To help staff reach their potential through human resource development, the department initiated a centralized Training and Development Fund to address corporate learning and developmental needs identified as department-wide priorities. A total of $1.5 million was set aside for the 2000-01 fiscal budget. Monies covered primary categories such as corporate competencies, education leave, corporate technical competencies, and specialized knowledge.
- Response to the Training and Development Fund was excellent, with more than 500 employees taking advantage of learning opportunities.
- Occupational Health and Safety (OH & S), Human Resources, co-ordinated the completion of hazard assessment/risk analysis for approximately 80 per cent of the inventoried activities performed by department staff — through joint worksite health and safety committees and department management.
- OH & S audits were conducted in all department central operations toward achievement of certificates of recognition (COR) under "Partnerships in Health and Safety." These audits were planned and scheduled through OH & S and were the culmination of efforts to implement improvements to the OH & S program in the services' headquarters operations.
- The department initiated COR requirements with contractors performing hazardous work, and OH & S conducted training with staff and contractors regarding respective OH & S responsibilities.
- Staff and resources identified as part of the due diligence exercise were transferred to Alberta Corporate Services Centre (ACSC).

FUTURE CHALLENGES

Alberta Environment recognizes that Albertans value natural resources for their economic, aesthetic and biological benefits. They expect their water to be safe, their air to be clean, and that careful and timely decisions are made to ensure public safety and a healthy environment for generations to come. Environment, in partnership with other ministries having a related mandate, will ensure that sustainable development and environmental management balances present social, economic and environmental concerns without compromising the future.

The greatest challenges in accomplishing this mandate are:

- Ensuring drinking water safety, reliable water supplies for economic growth, healthy rivers and lakes, and managing the risks of floods and drought;
- Managing the competitive needs between sectors and the cumulative effects of development on the environment. Industry forecasts in all sectors indicate an increase in the need for and use of Alberta's landscapes;
- The growing energy needs of Albertans, requiring expedited review and assessment processes to ensure reliable supplies that maintain environmental quality;
- Risk management of climate change; and,
- Federal decision making and commitments that can impact Alberta's ability to manage its environment and resources.

These challenges will require intensive collaboration and planning among many ministries, agencies and orders of government.

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Environment's performance measures included in the *2000-2001 Annual Report* of the Ministry of Environment as presented on pages 28 to 45.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations which converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit, and therefore I express no opinion on the performance measures included in the *2000-2001 Annual Report* of the Ministry of Environment.

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
July 15, 2001

Ministry Performance Measures

Performance measurement is an important part of the Ministry's business planning. It helps track progress towards achieving business plan goals and objectives. These measures provide detailed information on results achieved in ministry programs and services.

In the 2000-2001 business plan, 10 performance measures were identified:

- Air Quality Index
- Surface Water Quality Index
- Reduction of Municipal Solid Waste to Landfills
- Timber Sustainability
- Species at Risk
- [illegible] of Parks and Protected Areas in Alberta
- [illegible]roduction versus Amount of Substance Discharged
- [illegible]Visitation
- Government Action to Reduce Greenhouse Gas Emissions
- Action by Alberta Organizations to Reduce Greenhouse Gases

These 10 performance measures reflect AENV's mandate and several are included as Government of Alberta performance measures in the report *Measuring Up 2000-2001*.

The Ministry continues to develop and improve its performance measures to accurately reflect environmental protection and sustainable use of natural resources in Alberta.

Following these performance measures is an explanation of the data sources and methodology used for each measure.

Air Quality Index

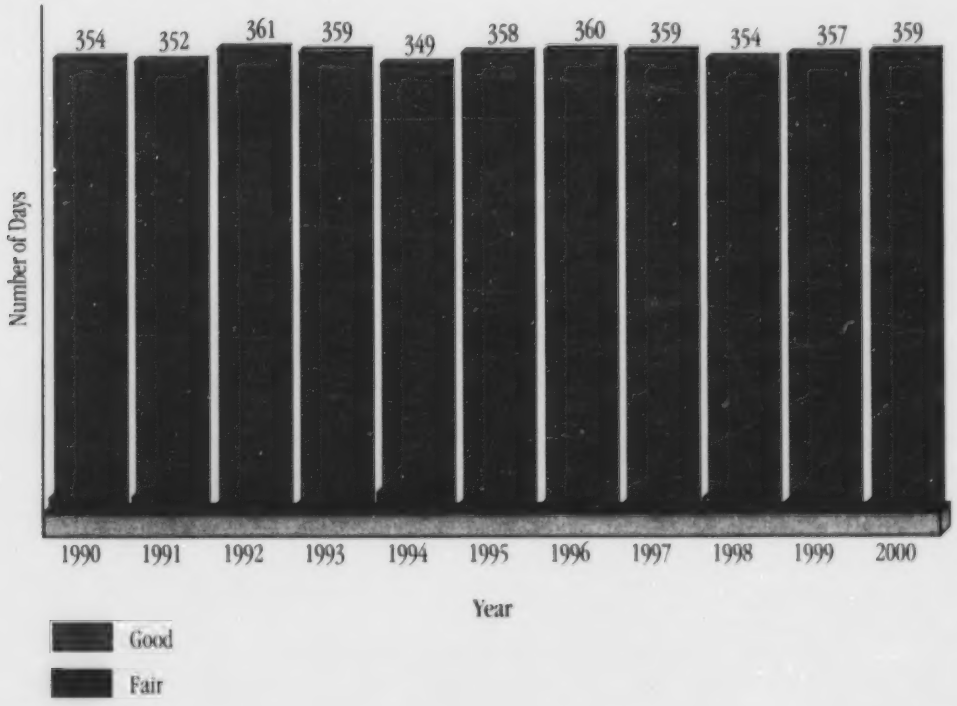
Ensuring the protection of Alberta's clean air is a key priority in maintaining the health and quality of life of Albertans.

The air quality index is a measure of outdoor concentrations of five major air pollutants monitored at nine stations around the province. The ninth station, in Red Deer, was established in January 2000. Alberta's target is to maintain air quality at levels considered "good" or "fair" at all times.

The figure shows that there were no days rated poor or very poor last year. Poor levels typically occur only one or two hours per year.

Figure 1

Air Quality Days



Quality Index

The surface water quality index is used to evaluate water in Alberta's six major river systems in terms of overall quality, and with respect to four groups of variables: metals, nutrients, bacteria, and pesticides. River water quality is reported because the effects of human activities are generally more evident in rivers than in lakes. The index can be used to show relative differences in water quality between different rivers, between sites on the same river (e.g. upstream and downstream from cities), and over time.

Data for the surface water quality index are collected monthly at a number of locations in each of the province's six major river systems. These stations, as illustrated in the map on the following page, make up the provincial Long-Term River Network (LTRN). Stations upstream and downstream from areas of significant agricultural, industrial, or municipal development are compared to examine the impact of these developments on river water quality.

The target is to bring river water quality downstream of developed areas in line with upstream water quality conditions while maintaining overall river quality.

The following figure shows that overall, the water quality of Alberta's major rivers is "excellent" to "fair"; however, water quality tends to be lower downstream of areas with significant urban, industrial or agricultural development. The map illustrates that river water quality is generally better in the west, near its mountain source.

The index values vary naturally from site to site and from year to year, often related to changes in flow volume. Some changes, such as improved conditions downstream from Edmonton, Calgary, and Lethbridge, can be linked to upgraded wastewater treatment in these cities. Any activity that significantly changes water quantity or affects inputs from either point (discrete) or non-point (diffuse) sources should be reflected by the index.

Figure 2

Alberta Surface Water Quality Index

Categories for Index:

96-100	Guidelines almost always met (Excellent)
81-95	Guidelines occasionally not met, but usually by small amounts (Good)
66-80	Guidelines sometimes not met by moderate amounts (Fair)
46-65	Guidelines often not met, sometimes by large amounts (Marginal)
0-45	Guidelines almost always not met by large amounts (Poor)
n/a	Overall score not provided because no pesticide data were available

	1996-97	1997-98	1998-99	1999-00	Comments
Bow River					
Upstream of Calgary	96	100	97	97	Water quality is better upstream of Calgary than downstream. Upgraded municipal wastewater treatment, including full disinfection (1997), has resulted in improved conditions downstream.
Downstream of Calgary	76	87	82	84	
North Saskatchewan River					
Upstream of Edmonton	91	97	93	86	Conditions downstream of Edmonton have improved due to upgraded wastewater treatment (1998), which has reduced the number of bacteria.
Downstream of Edmonton	66	71	80	81	
Oldman River					
Upstream of Lethbridge	78	83	89	97	Conditions are improving downstream of Lethbridge due to upgraded wastewater treatment (1999). The quality of the upstream site varies from year to year due to the influence of city storm runoff. Recent dry conditions have caused less runoff resulting in less movement of contaminants from the land to the river.
Downstream of Lethbridge	83	84	80	86	
Red Deer River					
Upstream of Red Deer	76	n/a	83	87	Water quality is better upstream of Red Deer than downstream for all four variable groups (metals, nutrients, bacteria, and pesticides).
Downstream of Red Deer	84	n/a	81	75	
Smoky/Peace River					
at Watino	84	83	91	90	Conditions remain good at both sites, but nutrients occasionally do not meet guidelines. In addition, a number of pesticides were detected in the Peace River at Fort Vermilion this year.
at Ft. Vermilion	86	89	94	86	
Athabasca River					
at Athabasca	91	92	90	91	Conditions remain good at both sites. However, nutrient and metal concentrations occasionally exceeded guidelines at both sites.
at Old Fort	90	90	95	91	

Quality Index

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Data for the surface water quality index are collected monthly at a number of locations in each of the province's six major river systems. These stations, as illustrated in the map on the following page, make up the provincial Long-Term River Network (LTRN). Stations upstream and downstream from areas of significant agricultural, industrial, or municipal development are compared to examine the impact of these developments on river water quality.

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	1995-97	1997-99	1998-99	1999-00	Comments
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North Saskatchewan River					
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Downstream of Lethbridge	83	84	80	86	
Red Deer River					
Upstream of Red Deer	76	n/a	85	87	Water quality is better upstream of Red Deer than downstream for all four [illegible] groups (metals, nutrients, bacteria, and pesticides).
Downstream of Red Deer	84	n/a	81	75	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ALBERTA SURFACE WATER QUALITY INDEX 1999 - 2000

Data Collecting Stations Long-term River Network

Reduction of Municipal
Solid Waste to Landfills

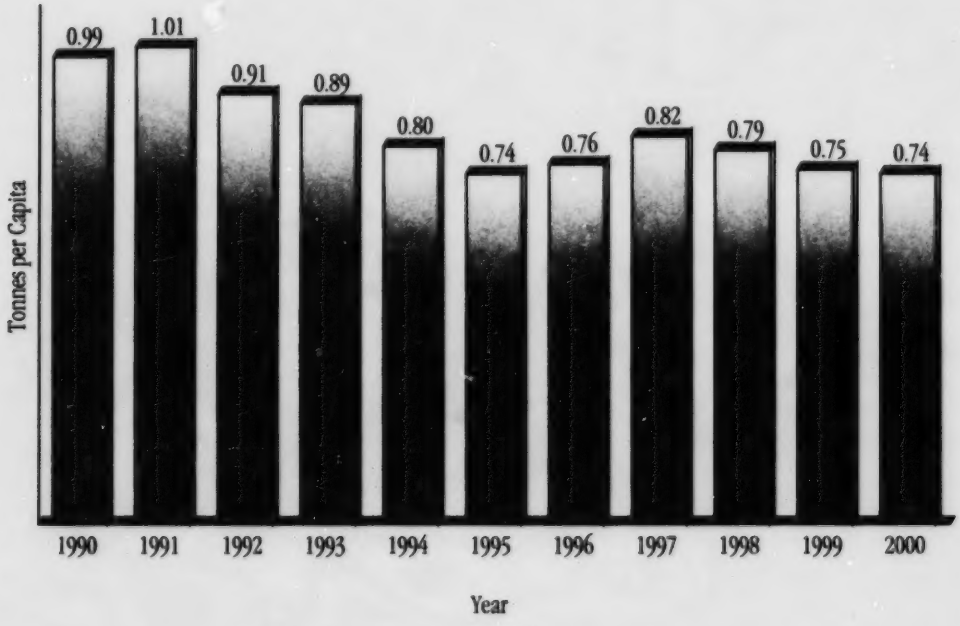
This measure indicates Alberta's progress toward meeting a continuous reduction in municipal solid waste disposed in landfills on a per capita basis.

The figure shows a relatively steady reduction in waste to landfills from 1990 to 2000. Periodic upward fluctuations, such as that which occurred in 1997, are generally a reflection of increased economic and construction/demolition activity.

The amount of waste disposed per capita is 1 per cent less in 2000 than in 1999, 25 per cent less than 1990 levels, and 28 per cent less than the original base year of 1988 - originally set by the Canadian Council of Ministers of the Environment (CCME).

The target for this Alberta indicator is to maintain municipal solid waste disposal to landfills at or below the previous year's level.

Reduction of Municipal Solid Waste to Landfills



Sustainability

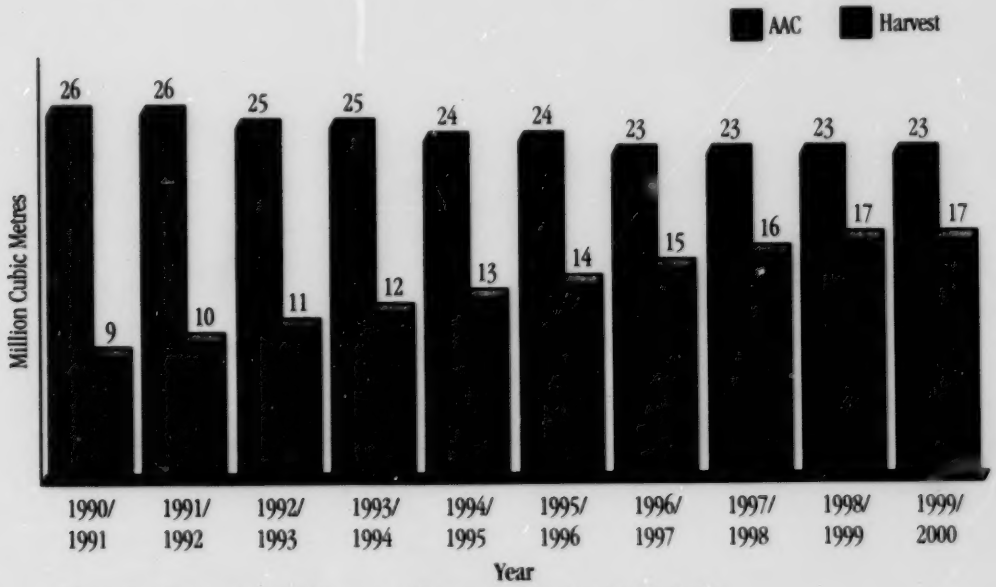
This measure reflects the ministry's ability to manage Alberta's timber resource in a sustainable manner.

It indicates the status of Alberta's timber stocks by comparing the actual annual timber harvest with the long-term sustainable annual allowable cut (AAC) as set by the province within the Green Area. The Green Area is primarily the unsettled portion of the province, defined as lands not available for agricultural development other than grazing.

The AAC is the amount of timber that can be harvested on a sustainable basis within a defined planning area. Timber sustainability is calculated by comparing the actual annual timber harvest with the long-term sustainable AAC. The target is to keep Alberta's timber harvest at or below the AAC, ensuring a sustainable timber supply. Yearly harvest levels may be greater than the AAC, but harvest levels should not exceed the AAC over each five-year harvest plan.

Figure 4 shows that although the timber harvest in Alberta is gradually increasing, it is still well below the AAC.

Timber Sustainability



Note: Data is calculated as a five-year rolling average, based on the fiscal year.

Species at Risk

Alberta has an abundance and diversity of wild plants, insects, fish, amphibians, birds and mammals. However, as a result of natural and human causes, some species of wildlife are considered "at risk."

Through commitments made under the 1996 *Accord for the Protection of Species at Risk in Canada*, Alberta, like the other provinces and territories, has agreed to use the same protocol and definitions for determining the status of species — and will report provincially and nationally on the status of wild species every five years starting in 2000.

These results are summarized in the first national report, *Wild Species 2000: The General Status of Species in Canada*. The report contains status rankings for all reptiles, amphibians, birds, mammals, freshwater fish, butterflies, ferns and orchids for each province and territory in Canada.

The report establishes for the first time, a comprehensive, common platform for examining the general status of Canada's species across their Canadian range, and a solid baseline against which future changes in the distribution and abundance of species can be compared. It is an effective tool for improved conservation.

In *Wild Species 2000*, Alberta reported on the status of 8 reptiles, 10 amphibians, 403 birds, 93 mammals, 63 fish, 183 butterflies, 46 ferns and 26 orchids. Out of the 832 species that were assessed, 12 (1.44 per cent) were classified as "at risk." As outlined in the table below, these species are legislatively defined in Alberta's *Wildlife Act* as either "endangered" or "threatened." Notably, in 2000, the peregrine falcon was upgraded from an "endangered" to a "threatened" species.

Most species "at risk" in Alberta are assessed by the Alberta Endangered Species Conservation Committee. The Committee prepares and forwards recommended species recovery plans to the Minister, and these recommendations provide the basis for conservation action for all species concerned.

Species at Risk

At Risk[1]	
Swift Fox	Woodland Caribou
Wood Bison	Barren-ground Caribou
Whooping Crane	Peregrine Falcon
Greater Sage Grouse	Northern Leopard Frog
Piping Plover	Trumpeter Swan
	Ferruginous Hawk
	Burrowing Owl

[1] Defined as such by *The General Status of Alberta Wild Species 2000*

[2] Defined as such by the Alberta Endangered Species Conservation Committee and referred to in the Alberta *Wildlife Act*

Area of Parks and Protected Areas in Alberta

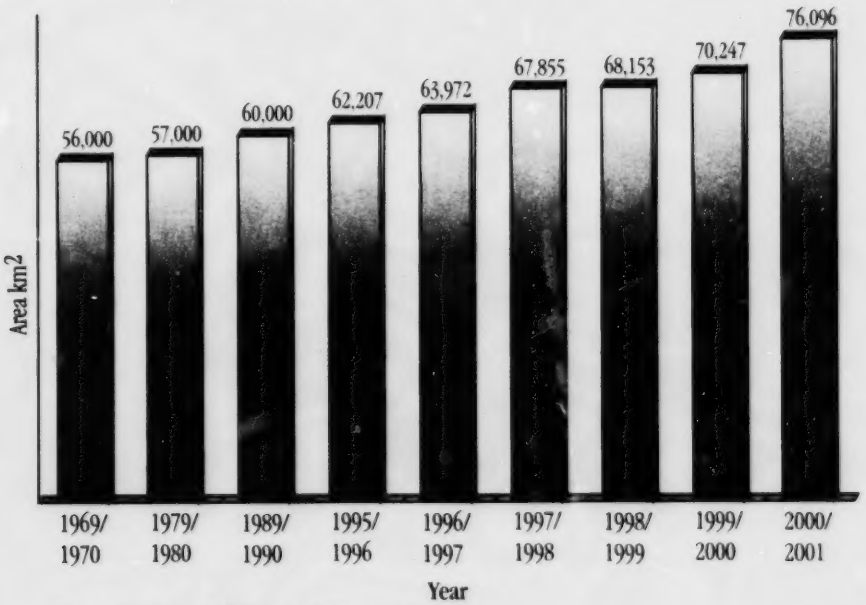
Measuring the area of parks and protected areas in Alberta allows the department to meet the four goals identified in the Special Places Program initiative: preservation, outdoor recreation, heritage appreciation and tourism-economic development.

An analysis of existing parks and protected areas against the Natural Regions Framework (a scientific framework) identified gaps in the existing protected areas network. Filling these gaps is a measure of progress towards completing the network.

This measure shows the total area of parks, protected areas and related sites (including 54,000 square kilometres of national parks) in Alberta that has been protected. The target was to have 81,000 square kilometres designated as parks, protected areas or related sites by the year 2000.

Figure 5 shows that the area of land designated as parks and protected areas has increased steadily since the 1960s.

Areas of Parks and Protected Areas in Alberta



Note: Data from 1969 through 1990 are estimates.

Pulp Production versus

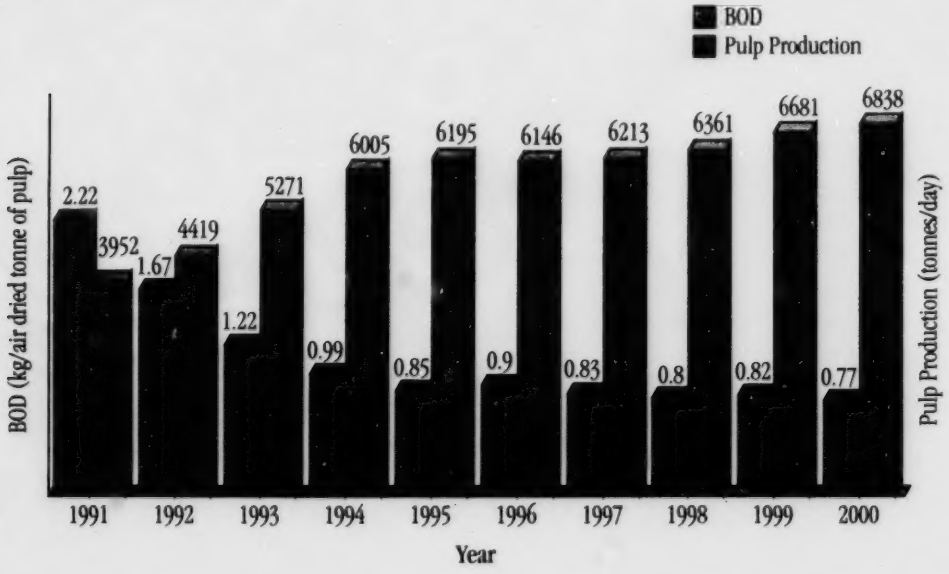
Amount of Substance Discharged

This measure is one indicator of Alberta Environment's performance in protecting aquatic ecosystems. Oxygen is required in the biochemical breakdown of organic matter in pulp mill wastewater. This breakdown may decrease the amount of oxygen available to aquatic organisms. An excess amount of these substances could cause a shortage of oxygen available to keep aquatic ecosystems healthy.

To help control the amount of substance released to aquatic ecosystems, pulp mills are issued approvals, which restrict the amount of biochemical oxygen demand (BOD) that can be released into river water. Alberta's average maximum allowable BOD is based on criteria for both water quality and best available demonstrated technology. BOD discharged for 2000 does not exceed 1.0 kilograms/Air Dried Tonne of Pulp.

Figure 6 confirms that the amount of BOD released per tonne of pulp has dropped substantially over the past 10 years. The current average standard for BOD levels is 3 kilograms per air-dried tonne of pulp. The performance measure shows that industry is well below the standard.

Pulp Production versus Amount of Substance Discharged

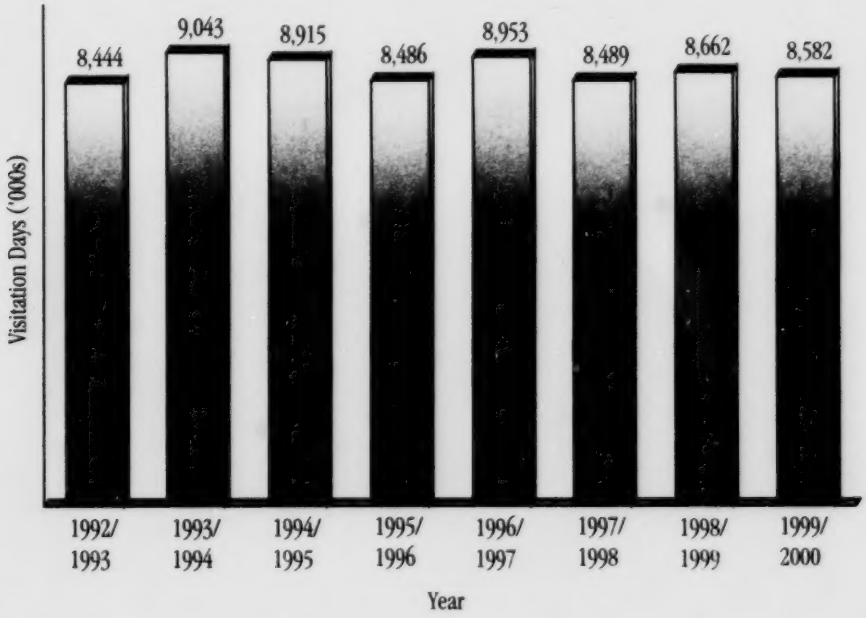


Visitation

Parks visitation gives an indication of how well the Ministry is managing natural heritage resources for the use and enjoyment of present and future generations. This measure reports annual visitation days to provincial parks and recreation areas. Alberta's target is to have eight million or more visitors per year to provincial parks and recreation areas.

Figure 7 shows that visits to provincial parks and recreation areas have remained relatively constant over the past few years.

Visitation to Provincial Parks and Provincial Recreation Areas



Note: Visitation days are defined as the estimated total number of daily entries of persons onto department-managed front-country sites and some back-country sites for recreational purposes (i.e. camping, group camping, day use, and fixed-roof accommodation).

Government Action to Reduce
Greenhouse Gas Emissions

The Alberta government continues to reduce its overall emissions and has consistently exceeded its annual targets. In 1999, emissions of CO_2 equivalent[1] were 422 kilotonnes (or 20.1 per cent) below 1990 levels. The reductions exceed the 1999 target by 43 kilotonnes.

1 Using carbon dioxide as a basis, Global Warming Potentials (GWPs) have been developed which provide a means of comparing the impact on the climate system of different GHGs. This allows emissions of GHGs to be given in CO_2 equivalent terms, e.g., 1 tonne of CH_4 is said to be equivalent to 21 tonnes of CO_2 over a 100-year time period.

Figure 9

Government of Alberta - Greenhouse Gas Emissions Profile

Emission Source	Kilotonnes of CO_2 Equivalent									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Buildings										
Baseline	434	434	441	434	463	460	460	460	460	460
Target							450	441	432	423
Actual							427	401	385	375
Transportation										
Baseline	67	71	71	62	64	52	43	36	36	36
Target							43	34	33	31
Actual							36	36	37	36
Waste										
Baseline	26	25	22	20	17	15	14	14	14	14
Target							13	12	11	10
Actual							12	12	11	11
Totals										
Baseline	526	530	534	516	544	527	517	511	511	511
Target							507	488	476	464
Actual							476	449	434	421

Government Action to Reduce

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Actual							476	449	434	421

Action by Alberta Organizations to Reduce GHGs

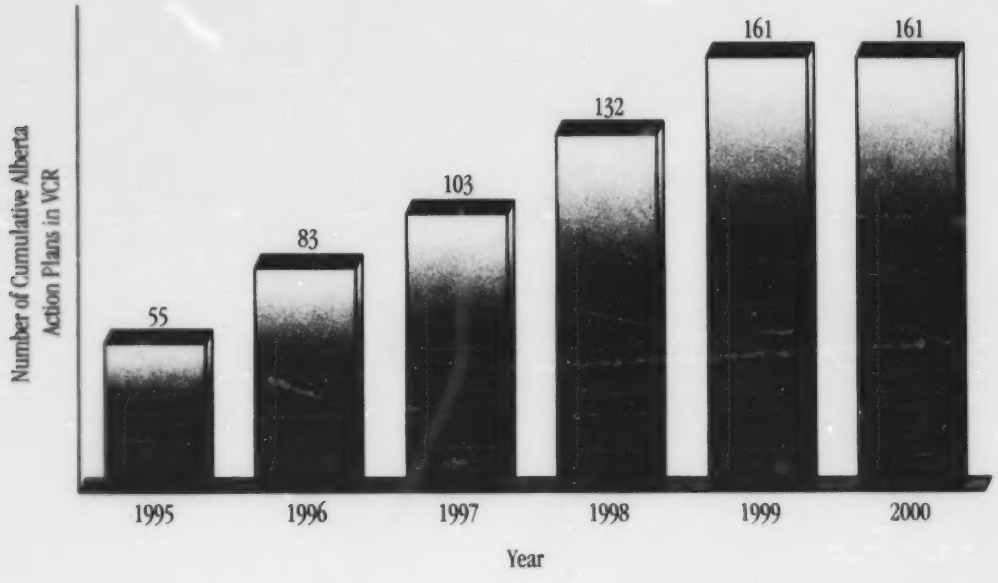
The number of action plans is equivalent to the number of organizations participating in National Voluntary Challenge and Registry Program (VCR Inc.) There has been a steady increase in the cumulative number of organizations participating in VCR Inc. until the year 2000.

As of October 1999, VCR Inc. tightened the requirements of entry into the registry. All submissions must include the elements of a basic action plan, which are the following.

- Senior management support,
- Commitment to regular reporting, and
- A base year calculation.

The cumulative number of action plans is unchanged from 1999. However, this fact does not adequately represent the number of new action plans received in the year 2000. The discrepancy occurred because organizations have either been removed from the database through lack of action, or companies have merged.

Number of Cumulative Alberta Action Plans in VCR



Data Sources and Methodology

Air Quality Index

The measure is based on data collected from nine continuous monitoring stations — three stations in both Edmonton and Calgary, and one station each in Fort McMurray, Fort Saskatchewan and Red Deer. Data from these stations is used to calculate the Index of Quality of Air (IQUA) every hour.

This IQUA is calculated based on air quality data contained in the Alberta Ambient Air Data Management System, more commonly known as the Clean Air Strategic Alliance (CASA) data warehouse. This system can be accessed at http://www.casadata.org.

IQUA is based on outdoor concentrations of five major air pollutants (carbon monoxide, dust and smoke, nitrogen dioxide, ozone and sulphur dioxide). The concentration of each pollutant is converted to an IQUA number, and the highest number is the IQUA for that station. IQUA ratings are divided into Good, Fair, Poor and Very Poor categories. These categories are derived using formulas based on air quality guidelines of the *Environmental Protection and Enhancement Act* and the National Air Quality Objectives.

The following provides a description of the effects anticipated on the environment, vegetation, human health and visibility at various air quality levels.

IQUA Rating	Effects
Good	No known harmful effects to soil, water, vegetation, animals, visibility or human health.
Fair	Adequate protection against harmful effects to soil, water, vegetation, animals, materials, visibility and human health.
Poor	Not all aspects of the environment are adequately protected from possible adverse effects. Long-term control action may be necessary, depending on the frequency, duration and circumstances of the readings.
Very Poor	In this range, further deterioration of air quality and continued high readings could pose a risk to public health.

Surface Water Quality Index

Monthly water quality samples are collected at two locations for each of the province's six major river systems. An index value is calculated for each of four variable groups for data collected between April and March, representing both a fiscal and a "water" year:

- Metals (up to 22 variables measured quarterly);
- Nutrients (6 variables measured monthly, including oxygen and pH);
- Bacteria (2 variables measured monthly); and
- Pesticides (up to 17 variables measured quarterly).

Index values for the four variable groups are then averaged to produce an overall index value that can be tracked over time.

The formula used to calculate index values for each group is based on three statistical attributes of water quality with respect to desirable levels (defined by water quality guidelines in most cases):

- Scope - the number of water quality variables that do not meet objectives in at least one sample during the time period under consideration, relative to the total number of variables measured.

Data Sources and Methodology

- Frequency - the number of individual measurements that do not meet objectives, relative to the total number of measurements made in all samples for the time period of interest.
- Amplitude - the amounts by which measurements which do not meet the objectives depart from those objectives.

Variables in the first three groups are compared to the guidelines listed in *Surface Water Quality Guidelines for Use in Alberta*. Where a number of guidelines exist for one variable, the guideline for the most sensitive use (recreation, agriculture or the protection of aquatic life) is chosen. Drinking water guidelines are not considered, since surface water should not be used for drinking without first being treated.

Variables in the fourth group (pesticides) are evaluated based on whether or not they can be detected in a water sample. This conservative approach was adopted because some pesticides do not yet have official guidelines, and unlike metals, nutrients and bacteria, do not occur naturally in the environment.

It is important to note that the current index has been improved in several ways from the Surface Water Quality Index presented in 1996 through 1999. The following table summarizes the changes incorporated into the new index:

	[illegible]	[illegible]	Comment
Sites Reported	12	12+	The index is calculated for the same 12 river sampling locations as previously, plus a number of others that are monitored as part of the province's Long-Term River Network (LTRN).
Variables Used	Up to 20	Up to 48	The index uses a wider range of water quality variables than it did previously. New variables include pesticides, ammonia, nitrate, *E. coli*, and a number of metals.
Guidelines/ Objectives Used	Alberta Ambient Surface Water Quality Interim Guidelines (1993)	Surface Water Guidelines for Use in Alberta (1999) *	The water quality variables measured at each site are compared to guidelines. The new index uses a broader and more up-to-date set of guidelines/objectives than did its predecessor. * pesticides are compared to analytical detection limits, since many lack guidelines.
Calculation Method	Percent Compliance	Complex formula incorporating three factors	The old index was based simply on the number of tests meeting guidelines as a percentage of the total number of tests. The new index uses this information (Frequency), along with the number of variables not meeting guidelines (Scope) and the amount by which the guidelines are not met (Amplitude). This method is discussed in Wright *et al.* (1999) and Neary *et al.* (2001).
Numeric Results	0-100, where 100 is best	0-100 where 100 is best	Although each index delivers results within the same numeric range, these results are not directly comparable.

Data Sources and Methodology

	Old ('96-'99)	New ('00)	Comment
Classes	4 - Good Fair Poor Unacceptable	5 - Excellent Good Fair, Marginal Poor	The number and names of the class reflect the terminology tentatively chosen by the Canadian Council of Ministers of the Environment. The class names may change, but the number will likely remain at 5.
"Sub-index" Groupings	3 categories based on water use	4 categories based on variable groups	The previous index presented 3 index values for each site in terms of suitability for use by aquatic life, agriculture and recreational users. While this presentation is attractive, it can be somewhat misleading. The new index will present sub-index values for metals, nutrients, bacteria, and pesticides as well as an overall average. References to water use can be made in the accompanying text.
Reporting Period	Calendar Year	Fiscal Year	Because of the lengthy process of sample collection, testing, data entry and verification, the index can never be "up to date." A fiscal year presentation allows us to be more current (i.e. 1998-99 data in 2000). The fiscal year also approximates a "water year" (starting in spring).
Presentation of Trends	Presented for individual variables	Presented for overall value or for each variable group	Both indices are subject to natural year-to-year variation. Over the long-term, the new index is more robust to these fluctuations and better able to depict trends. Changes to the sampling program from year to year can also make trends difficult to interpret. The LTRN sampling program was standardized in 1999; index values can be calculated on data from previous years that has been sub-sampled to resemble the current program. An overall index value cannot be calculated for data prior to 1995, since pesticides were not part of the program at that time.
Presentation Style	Table - quality categories represented by different shades or symbols	Table - categories represented by symbols or Map - categories represented by colours	Like the former index, the new index is presented in tabular format for Measuring Up. Supplemental data are presented as bar graphs. Categories for the full list of 22 sites will be presented as coloured shapes on a provincial map.

Data Sources and Methodology

Reduction of Municipal Solid Waste to Landfills

The method used to calculate the annual waste reduction statistic was developed by the Canadian Council of Ministers of the Environment. This method is based on the use of measured amounts of material sent for disposal at landfills with weigh scales. Waste statistics are calculated for both urban and rural areas, and a composite statistic for the province is calculated using official population data provided by Alberta Municipal Affairs.

Timber Sustainability

Timber sustainability compares the annual timber harvest with the long-term sustainable annual allowable cut (AAC) set by the province within the Green Area (unsettled portion of Alberta). The Green Area is defined as lands not available for agricultural development other than grazing.

The AAC is the amount of timber that can be harvested on a sustainable basis within a defined planning area. It is determined on either an individual forest management unit or specific forest management agreement (FMA) area basis. Forest management strategies take into account other forest uses outside of timber production.

Each AAC considers such factors as forest inventory, growth rates, changes to reserved areas, regeneration success, natural mortality, and the impact of fire and insects/disease.

The chargeable harvest level (included in AAC) is what is reported in the timber sustainability performance measure. Fire salvage is not reported as chargeable production as it does not contribute to AAC.

Yearly harvest levels may be greater than AAC, but harvest levels cumulated over the five-year period (sum of harvest over a five-year period) should not exceed the AAC within each planning area (expressed as five times the planning area AAC).

All Alberta timber dispositions greater than one year in term are balanced over five-year periods. In the case of coniferous quotas (28 per cent of Green Area conifer AAC), these five-year periods are called quadrants. Quota holders have the flexibility to harvest any or all of their entire quadrant allowable cut (five years times their annual allotment) in any one year, or combination of years within that quadrant.

Similarly, FMA holders, who make up 65 per cent of Green Area conifer AAC, utilize five-year cut control periods. As a result of the flexibility allowed to quota and FMA holders, harvest levels and AAC are compared on a five-year rolling average basis.

Comparative data may change between reporting years primarily as a result of production audits that are carried out at the conclusion of each five-year planning period.

Species at Risk

Under the 1996 *Accord for the Protection of Species at Risk in Canada*, Alberta has agreed to use the national protocol and definitions for determining the status of all wild species. AENV reports provincially and nationally on the status of wild species every five years starting in 2000, and the results were summarized in the first national report, *Wild Species 2000: The General Status of Species in Canada*, released in spring 2001.

The *Wild Species 2000* report was developed under the auspices of the Canadian Endangered Species Conservation Council, created in 1997 under the *Accord for the Protection of Species at Risk* (1996) and *Framework for the Conservation of Species at Risk in Canada* (1996).

Data Sources and Methodology

In *Wild Species 2000*, species are listed as one of the following status categories:

- Extirpated
- At Risk
- May Be At Risk
- Sensitive
- Secure
- Status Undetermined
- Not Assessed
- Exotic
- Accidental
- Vagrant

Species "at risk" in Alberta are assessed by the Alberta Endangered Species Conservation Committee. The Committee forwards recommended species recovery plans to the Minister, and these recommendations provide the basis for conservation action for all species concerned.

AENV staff are responsible for all Alberta status determinations and for supplying the lists used in the national report. The Alberta lists for the taxonomic groups (reptiles, amphibians, birds, mammals, freshwater fish, butterflies, ferns and orchids) was published with greater background and detail in the provincial status report in July 2001.

It is important to note that the 2000-01 "species at risk" measure cannot be compared to that of previous years - in 2000-01, the new national standard for status determination was used, and a far greater number of species were assessed.

Area of Parks and Protected Areas in Alberta

The area (square kilometres) of designated parks and protected areas is calculated for national parks, provincial parks, wildland parks, wilderness areas, ecological reserves, natural areas, provincial recreation areas and national wildlife areas. The total area is shown in the performance measure. Data include the Castle Special Management Area forest land use zone (FLUZ), which was designated under the Special Places Program. Several other FLUZ, occupying 4,600 square kilometres, have been established outside of Special Places, but these are not included in the performance measure. FLUZ are areas of land which can be used to protect areas containing sensitive resources such as wildlife, vegetation and soils.

Pulp Production versus Amount of Substance Discharged

Data are derived from the discharge-monitoring component of the department's Environmental Management System (EMS). The seven pulp mills submit monthly monitoring data that are entered into Alberta Environment's EMS system.

The BOD and pulp production data for the seven pulp mills are extracted from the EMS. Average pulp production per day and average kilograms of BOD released per day are calculated for each of the seven pulp mills for a given year. The average for all seven mills is added to provide the total average pulp produced per day for all mills (A). The total average kilograms of BOD released per day for all mills are also added together (B). This number (B) is then divided by the total average pulp produced per day (A) to arrive at the average kilograms of BOD released per tonne of pulp produced.

Parks Visitation

Visitation statistics are collected for provincial parks and recreation areas only. The department collects data through automatic traffic counters and camping permit sales. This measure includes day use and overnight visitation to all provincial parks and approximately half of the provincial recreation areas.

Data Sources and Methodology

Adjustments to these readings are based on periodic surveys of visitors. Adjusted readings exclude: park staff, people working or residing within site boundaries, through-highway traffic and same-day re-entries. Estimated use figures based on prior years' data are used for calculating some of the parks visitation data. For the most recently reported 1999-2000 results, 47 per cent of the visitation days to provincial parks and provincial recreation areas were reported using estimated data.

Visitation statistics are not collected at recreation areas with negligible visitation, ecological reserves, natural areas, wilderness areas or wildland provincial parks.

Government Action to Reduce Greenhouse Gas Emissions

Government actions to reduce greenhouse gas (GHG) emissions focus on three areas within the Alberta government. These areas include:

- government-owned buildings (natural gas and electricity usage),
- waste by government employees, and
- vehicles (emissions from government-owned vehicles and from non-government vehicles used for government business).

Reductions in energy usage correlate directly to reductions in GHG emissions.

GHG emissions are calculated by multiplying annual energy usage (e.g. cubic metres of natural gas used, litres of gasoline burned, etc., as tracked by Alberta Infrastructure) by an emissions factor. With the exception of electricity and waste, emissions factors are based on Environment Canada data published through the National Voluntary Challenge and Registry Program. Electricity and waste emissions factors are based on Government of Alberta calculations to more accurately reflect provincial circumstances, (electricity) or because no emissions factors are available (waste).

All GHG emissions reported for this measure are based on best available data.

Action by Alberta Organizations to Reduce Greeenhouse Gases

Data are obtained from VCR Inc., a non-profit partnership between industry and governments across Canada. Its mandate is to provide the means for promoting, assessing and recognizing the effectiveness of the voluntary approach in addressing climate change.

Only organizations that have head offices located in Alberta are included in these data.

2000 2001

Financ

Analysis of Financial Results March 31, 2001

Results of Ministry Operations

The Ministry consolidated revenues in 2000-2001 were $135.2 million, which is a decrease of $77.2 million from 1999-2000 actuals. The Ministry consolidated expenses were $360.9 million, down $86.6 million from 1999-2000 actuals. The total Ministry operations resulted in a net operating loss of $225.7 million compared with a net operating loss in 1999-2000 of $235.2 million.

Ministry Revenues

Timber Royalties and Fees, providing $72.9 million, was the largest source of revenue for the Ministry. Land and Grazing and other fees provided $42.2 million. The federal government contributed $7.7 million through transfer payments. Various other sources of revenue earned $7.3 million, and investment income provided $5.1 million in revenue.

Ministry Revenue - Comparison of 2000-2001 Actuals to 2000-2001 Budget

Revenue was $8.8 million lower than budgeted as a result of the following:

- $0.7 million decrease in Transfers from Government of Canada,
- $4.8 million increase in Investment Income,
- $17.2 million decrease in Timber Royalties and Fees,
- $3.9 million increase in Land and Grazing fees,
- $2.2 million decrease in other fees, permits and licenses primarily due to reductions in dedicated revenues for Park Operations, Parks Reinvestment Levy, Spatial Data Warehouse, and Environmental Training Centre, and
- $2.6 million increase in Various Other Revenues.

Ministry Revenue - Comparison of 2000-2001 Actuals to 1999-2000 Actuals

Revenue was decreased by $77.2 million from the previous year due to the following:

- $34.9 million decrease in contributions from the Lottery Fund,
- $22.3 million decrease in Transfers from Government of Canada,
- $3.4 million increase in Investment income,
- $28.3 million decrease in Timber Royalties and Fees,
- $2.7 million increase in Land and Grazing revenue,
- $0.7 million increase in revenue from other fees, permits, and licenses, and
- $1.5 million increase in Various Other Revenues.

Ministry Expenses - Comparison of 2000-2001 Actuals to 2000-2001 Budget

Expenses were $23.5 million more than budgeted.

- The Natural Resources Emergency Program incurred additional expenditures of $42.6 million.
- Forest Management and Forest Protection had a combined surplus of $7.9 million.
- Resource Data required an additional $2.4 million.
- Client and Licensing Services spent $3.4 million less than budget.
- There was a $9.2 million surplus in the regions primarily relating to provisions for nominal sum disposals which did not occur.
- Business Sustaining Services under spent their budget by $1.0 million.

Comparison of 2000-2001 Actuals to 1999-2000 Actuals

Expenses were less than last year by $88.2 million.

- The Natural Resources Emergency Program spent $79.6 million less than last year.
- Climate change incurred less expenses in the amount of $4.2 million.
- Fire reclamation costs were reduced from last year in the amount of $12.8 million.
- Parks and Protected Areas and other programs resulted in a net reduction in expenses of $1.7 million.
- Enforcement Field Services and Fisheries and Wildlife had a combined total of $10.1 million in additional expenses over last year.

FINANCIAL HIGHLIGHTS

Forest Fire Protection

The Ministry of Environment spent $111.0 million for forest fire protection, which includes protection, suppression, and emergency funding under the Natural Resources Emergency Program.

Reforestation Program

$4.0 million was allocated for reforestation reclamation on areas destroyed by fire in the spring and summer of 1998.

Endangered Species

Projects in the amount of $2.2 million have been initiated across Alberta for species at risk including activities such as: assessment, inventories, monitoring, recovery planning and implementation. Twelve species have been classified as "at risk" and will require recovery or management plans. Because of the monitoring, assessment, planning and implementation of recovery plans Alberta was able to meet its current year commitment to the Accord for the Protection of Species at Risk in Canada.

Enforcement Program Enhancement

The Ministry allocated an additional $2.6 million to meet increased demands on Conservation Officers in the continued protection of vulnerable fish and wildlife populations as recreational and industrial development increased. The enhancement improved service to the public in areas such as problem wildlife management and public and stakeholder consultation on resource management and maintained the ability to enforce provincial and federal legislation relating to natural resource management and public safety.

Year 2000 Review of Water Management in the South Saskatchewan River Basin

Project expenditures in the amount of $0.3 million were spent to retain contractors to develop fish and water management objectives for the mainstream rivers in addition to developing and finalizing a template for preparing fish management objectives.

Waste Management Assistance Grant Program

The Ministry spent $3 million on the Waste Management Assistance Grant Program to assist many municipalities in establishing regional waste management systems. Funding under this program assists in replacing and closing open dumps and modified landfills with modern, environmentally safe waste disposal infrastructure.

Land Reclamation Program

The Ministry spent $0.5 million on environmental monitoring, emergency remedial activities and reclamation planning for the Smoky River Coal Mine Site. This work was funded from the reclamation security that Smoky River Coal deposited with the Ministry under the *Environmental Protection and Enhancement Act*.

Household Hazardous Waste Program

The Ministry spent $1.4 million on the Household Hazardous Waste Program. This resulted in close to one million litres of hazardous materials being diverted from landfill and collected for treatment at the Swan Hills treatment centre. An additional $0.3 million is devoted to developing projects that address high volume wastes, such as construction and demolition, organic and paper wastes.

Assessment and Approval Process

The Ministry's assessment and approval process examined more than 24 major projects with a total value of over $12 billion.

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Environment as at March 31, 2001 and the consolidated statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across Ministries. With certain exceptions, the basis of accounting is in accordance with Canadian generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from Canadian generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from Canadian generally accepted accounting principles:

Site Restoration Costs

A provision for the future costs of site restoration has been recorded for the Swan Hills waste treatment plant as described in Note 8 to these financial statements. However, numerous other sites exist where the Ministry is responsible for site restoration. Management has identified sites that are owned by the government, and for which the Ministry is responsible for site restoration. The cost to restore these sites is estimated to be $14.7 million. For these identified sites, no liability has been recorded. As a result, liabilities are understated and net assets overstated by $14.7 million. There are also a number of other sites not owned by the government, for which the Ministry may be responsible for site restoration. These financial statements do not disclose the Ministry's liability for the restoration of the sites not owned by the government.

Capitalization of Assets

Capital asset purchases under $15,000 in the Ministry have been expensed in the year acquired and have not been recognized as an asset in the accompanying consolidated statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the consolidated statement of operations. In addition, while the Department of Environment calculates its capital asset purchases under $15,000, the Environmental Protection and Enhancement Fund does not separately identify such capital purchases. In my view, an amount estimated to be at least $20 million, representing the net book value of the Department's assets as at March 31, 2001, should be recognized in these financial statements. The amount of adjustment related to the Fund cannot reasonably be determined. Also, the effect of these understatements of assets on expenses cannot reasonably be determined.

Auditor's Report

Consumable Inventory

Consumable inventory has been expensed when purchased and has not been recognized as an asset in the accompanying consolidated statement of financial position. The value of consumable inventory not recorded at March 31, 2001 is estimated to be between $3 and $4 million. As a result, net assets are understated by the same amount.

Discontinued Operations

As described in Note 3, on May 24, 2000, management adopted a plan to discontinue the operations of the reforestation program and transfer the reforestation levy to the Forest Resource Improvement Association of Alberta, a delegated administrative organization. In my view, the results of these operations should be reported separately for the current and prior periods in the accompanying consolidated statement of operations. Revenues and expenses relating to these operations were $5,231,000 for the year ended March 31, 2001 and $5,167,000 for the year ended March 31, 2000.

In my opinion, except for the effects of the matters discussed in the preceding sections, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Ministry of Environment

Consolidated Statement of Operations

For the year ended March 31, 2001
(in thousands)

	2001 Budget	2001 Actual	2000 Actual
Revenues			
Transfer from Lottery Fund	[illegible]	[illegible]	$ 34,940
Transfer from Government of Canada	[illegible]	[illegible]	30,054
Investment Income	[illegible]	[illegible]	1,606
Fees, Permits and Licenses			
Timber Royalties and Fees	[illegible]	[illegible]	101,233
Land and Grazing	[illegible]	[illegible]	29,631
Other	[illegible]	[illegible]	9,133
Other Revenue	[illegible]	[illegible]	5,763
	[illegible]	[illegible]	212,360
Expenses (Schedule 1)			
Business Sustaining Services	[illegible]	[illegible]	10,428
Policy Secretariat	[illegible]	[illegible]	2,470
Regulatory Approvals	[illegible]	[illegible]	11,464
Environmental Enforcement and Monitoring	[illegible]	[illegible]	10,884
Compliance	[illegible]	[illegible]	604
Environmental Sciences	[illegible]	[illegible]	9,329
Environmental Operations	[illegible]	[illegible]	10,241
Freedom of Information and Privacy	[illegible]	[illegible]	586
Climate Change	[illegible]	[illegible]	6,000
Client and Licensing Services	[illegible]	[illegible]	22,416
Enforcement Field Services	[illegible]	[illegible]	12,077
Water Management	[illegible]	[illegible]	28,034
Fisheries and Wildlife Management	[illegible]	[illegible]	9,370
Parks and Protected Areas	[illegible]	[illegible]	20,557
Forest Management	[illegible]	[illegible]	29,430
Forest Protection	[illegible]	[illegible]	15,819
Land Administration	[illegible]	[illegible]	15,729
Resource Data	[illegible]	[illegible]	9,489
Ecological Landscape	[illegible]	[illegible]	310
Fire Suppression	[illegible]	[illegible]	55,215
Environmental Appeal Board	[illegible]	[illegible]	745
Natural Resources Conservation Board	[illegible]	[illegible]	698
Land Reclamation Program	[illegible]	[illegible]	400
Forest Development Research Program	[illegible]	[illegible]	495
Special Waste Management Program	[illegible]	[illegible]	1,138
Natural Resources Emergency Program	[illegible]	[illegible]	136,948
Ministry Amortization	[illegible]	[illegible]	25,394
Nominal Sum Disposals	[illegible]	[illegible]	-
Debt Servicing Costs	[illegible]	[illegible]	2,901
	[illegible]	[illegible]	449,171
Valuation Adjustments and Other Provisions	[illegible]	[illegible]	(84)
(Gains) Losses			
Disposal of Capital Assets	[illegible]	[illegible]	(1,573)
Write Down of Capital Assets	[illegible]	[illegible]	-
	[illegible]	[illegible]	(1,573)
Net Operating Results	$ [illegible]	$ [illegible]	$ (235,154)

The accompanying notes and schedules are part of these financial statements.

Ministry of Environment

Consolidated Statement of Operations

For the year ended March 31, 2001
(in thousands)

	2001 Budget	2001 Actual	2000 Actual
Revenues			
Transfer from Lottery Fund	$ -	$ -	$ 34,940
Transfer from Government of Canada	8,396	7,724	30,054
Investment Income	206	5,067	1,606
Fees, Permits and Licenses			
Timber Royalties and Fees	90,117	72,888	101,233
Land and Grazing	28,388	32,324	29,631
Other	12,111	9,877	9,133
Other Revenue	4,753	7,320	5,763
	143,971	135,200	212,360
Expenses (Schedule 1)			
Business Sustaining Services	11,174	10,104	10,428
Policy Secretariat	3,684	3,867	2,470
Regulatory Approvals	11,759	12,017	11,464
Environmental Enforcement and Monitoring	11,468	11,317	10,884
Compliance	674	646	604
Environmental Sciences	10,262	9,812	9,329
Environmental Operations	9,639	9,510	10,241
Freedom of Information and Privacy	603	599	586
Climate Change	1,673	1,827	6,000
Client and Licensing Services	26,231	22,810	22,416
Enforcement Field Services	19,311	19,293	12,077
Water Management	28,391	28,705	28,034
Fisheries and Wildlife Management	11,297	12,228	9,370
Parks and Protected Areas	15,532	16,342	20,557
Forest Management	33,217	28,387	29,430
Forest Protection	20,032	16,999	15,819
Land Administration	15,843	15,392	15,729
Resource Data	7,390	9,791	9,489
Ecological Landscape	563	1,423	310
Fire Suppression	42,461	42,463	55,215
Environmental Appeal Board	891	898	745
Natural Resources Conservation Board	1,355	741	698
Land Reclamation Program	750	617	400
Forest Development Research Program	536	581	495
Special Waste Management Program	1,000	1,001	1,138
Natural Resources Emergency Program	14,830	57,394	136,948
Ministry Amortization	26,889	26,182	25,394
Nominal Sum Disposals	10,000	-	
Debt Servicing Costs	-	-	2,901
	337,455	360,946	449,171
Valuation Adjustments and Other Provisions	1,189	1,761	(84)
(Gains) Losses			
Disposal of Capital Assets	(5,800)	(2,184)	(1,573)
Write Down of Capital Assets	-	392	
	(5,800)	(1,792)	(1,573)
Net Operating Results	$ (188,873)	$ (225,715)	$ (235,154)

The accompanying notes and schedules are part of these financial statements.

Ministry of Environment

Consolidated Statement of Financial Position

As at March 31, 2001
(in thousands)

	2000
Assets	
Cash (Note 4)	$ 81,479
Accounts Receivable (Note 5)	47,414
Inventories	2,005
Advances	155
Capital Assets (Note 6)	1,045,746
	$ 1,176,799
Liabilities	
Accounts Payable and Accrued Liabilities	$ 46,259
Unearned Revenue	37,390
Provision for Cell Monitoring and Remediation (Note 7)	1,050
Provision for Future Removal and Site Restoration (Note 8)	11,062
	95,761
Net Assets	
Net Assets at Beginning of Year	990,103
Net Operating Results	(235,154)
Net Transfer from General Revenues	326,089
Net Assets at End of Year	1,081,038
	$ 1,176,799

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Changes in Financial Position

For the year ended March 31, 2001
(in thousands)

		2000
Operating Transactions		
Net Operating Results	[illegible]	$ (235,154)
Non-Cash Items:		
Amortization	[illegible]	25,394
Gain on Disposal of Capital Assets	[illegible]	(1,573)
Loss on Write Down of Capital Assets	[illegible]	-
Valuation Adjustments	[illegible]	(84)
	[illegible]	(211,417)
Decrease (Increase) in Accounts Receivable	[illegible]	(13,146)
Decrease in Inventories	[illegible]	2,717
Increase in Advances	[illegible]	(17)
Decrease in Accounts Payable and Accrued Liabilities	[illegible]	(2,891)
Increase (Decrease) in Unearned Revenue	[illegible]	5,092
Decrease in Provision for Cell Monitoring and Remediation	[illegible]	-
Increase in Provision for Future Removal and Site Restoration	[illegible]	653
Cash Used by Operating Transactions	[illegible]	(219,009)
Investing Transactions		
Purchase of Capital Assets	[illegible]	(13,163)
Reclassification of Inventory Held for Resale (Real Estate)	[illegible]	(2,048)
Proceeds from Disposal of Capital Assets	[illegible]	3,062
Transfer of Capital Assets from Other Government Entities	[illegible]	(2,267)
Cash Used by Investing Transactions	[illegible]	(14,416)
Financing Transactions		
Repayment to Alberta Treasury	[illegible]	(40,000)
Net Transfer from General Revenues	[illegible]	326,089
Cash Provided by Financing Transactions	[illegible]	286,089
Net Cash Provided	[illegible]	52,664
Cash, Beginning of Year	[illegible]	28,815
Cash, End of Year	[illegible]	$ 81,479

The accompanying notes and schedules are part of these financial statements.

Ministry of Environment

Consolidated Statement of Financial Position

As at March 31, 2001
(in thousands)

	2001	2000
Assets		
Cash (Note 4)	$ 127,464	$ 81,479
Accounts Receivable (Note 5)	47,202	47,414
Inventories	-	2,005
Advances	161	155
Capital Assets (Note 6)	1,026,237	1,045,746
	$ 1,201,064	$ 1,176,799
Liabilities		
Accounts Payable and Accrued Liabilities	$ 40,877	$ 46,259
Unearned Revenue	32,958	37,390
Provision for Cell Monitoring and Remediation (Note 7)	996	1,050
Provision for Future Removal and Site Restoration (Note 8)	11,625	11,062
	86,456	95,761
Net Assets		
Net Assets at Beginning of Year	1,081,038	990,103
Net Operating Results	(225,715)	(235,154)
Net Transfer from General Revenues	259,285	326,089
Net Assets at End of Year	1,114,608	1,081,038
	$ 1,201,064	$ 1,176,799

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Changes in Financial Position

For the year ended March 31, 2001
(in thousands)

	2001	2000
Operating Transactions		
Net Operating Results	$ (225,715)	$ (235,154)
Non-Cash Items:		
Amortization	26,182	25,394
Gain on Disposal of Capital Assets	(2,184)	(1,573)
Loss on Write Down of Capital Assets	392	-
Valuation Adjustments	1,761	(84)
	(199,564)	(211,417)
Decrease (Increase) in Accounts Receivable	171	(13,146)
Decrease in Inventories	2,005	2,717
Increase in Advances	(6)	(17)
Decrease in Accounts Payable and Accrued Liabilities	(7,102)	(2,891)
Increase (Decrease) in Unearned Revenue	(4,432)	5,092
Decrease in Provision for Cell Monitoring and Remediation	(54)	-
Increase in Provision for Future Removal and Site Restoration	563	653
Cash Used by Operating Transactions	(208,419)	(219,009)
Investing Transactions		
Purchase of Capital Assets	(7,425)	(13,163)
Reclassification of Inventory Held for Resale (Real Estate)	-	(2,048)
Proceeds from Disposal of Capital Assets	2,544	3,062
Transfer of Capital Assets from Other Government Entities	-	(2,267)
Cash Used by Investing Transactions	(4,881)	(14,416)
Financing Transactions		
Repayment to Alberta Treasury	-	(40,000)
Net Transfer from General Revenues	259,285	326,089
Cash Provided by Financing Transactions	259,285	286,089
Net Cash Provided	45,985	52,664
Cash, Beginning of Year	81,479	28,815
Cash, End of Year	$ 127,464	$ 81,479

The accompanying notes and schedules are part of these financial statements.

NOTE 1

Authority and Purpose

The Minister of Environment has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Minister administers the organizations listed below. The authority under which the organizations operate is also listed. Together, these organizations form the Ministry of Environment (the Ministry).

Organization	Authority
The Department of Environment	*Government Organization Act*
Environmental Protection and Enhancement Fund	*Environmental Protection and Enhancement Act*
Natural Resources Conservation Board	*Natural Resources Conservation Board Act*

The Ministry's purpose is the protection and enhancement of the environment and the management of Alberta's renewable natural resources (air, land, water, forests, fish, wildlife and parks).

Two core businesses reflect the Ministry's functions and activities. *Resource Management* - the Ministry of Environment strives to ensure the sustainable use of Alberta's renewable natural resources through the development and implementation of legislation, policies, plans and programs, standard setting, compliance monitoring, ambient monitoring, renewable resource inventories, environmental impact assessments and the issuance of approvals. The Ministry of Environment strives to ensure the environmentally responsible development of nonrenewable natural resources. *Environmental Hazard Management* - the Ministry of Environment reduces the risks of environmental hazards to people, property and the sustainability of our renewable natural resources through fire fighting, flood control, and problem wildlife control.

NOTE 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Environment, for which the Minister of Environment is accountable. These financial statements include the activities of the Department of Environment, the Environmental Protection and Enhancement Fund, and the Natural Resources Conservation Board.

(b) Basis of Financial Reporting

Basis of Consolidation

The accounts of the Department of Environment, Environmental Protection and Enhancement Fund and Natural Resources Conservation Board are consolidated. Revenue and expense transactions, investing and financing transactions, and related asset and liability accounts between consolidated entities have been eliminated.

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 3.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from employees and other organizations or individuals, as well as inventories held for resale.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities include all financial claims payable by the Ministry at the fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the Ministry and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities, are estimated to approximate their book values.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accruals related to the Softwood Lumber Agreement, forming part of accounts receivable and recorded as $31,867 in these financial statements, are subject to measurement uncertainty. Until March 31, 2001, trade in softwood lumber between Canada and the United States was governed by the Softwood Lumber Agreement. The Alberta and Canadian governments are discussing the use of some of this receivable to defend Alberta's position against possible future countervailing challenges or duties. The cost of defending countervails may be greater than allowed for in calculating the accrual. Therefore, the actual amount collected related to the Softwood Lumber Agreement could vary significantly from that estimated.

NOTE 3

Discontinued Operations/Transfer of Responsibility

The Reforestation Program was established to reforest Crown Lands subject to reforestation levies. Certain forest operators were required to pay a levy based on areas cut under the authority of the Timber Management Regulation. These levies were recorded as unearned revenue and are earned once the reforestation work takes place.

On May 24, 2000, management of the Ministry adopted a plan to discontinue the operations of the Reforestation Program and transfer the reforestation levy to the Forest Resource Improvement Association of Alberta (FRIAA). The Ministry continued to collect levies on behalf of FRIAA until a reforestation agreement was finalized March 27, 2001.

The transfer to FRIAA consists of the seedling inventory at March 27, 2001 and a future cash payment in the amount of the reforestation levies net of the inventory.

Assets and levies related to the Ministry's discontinued operations are:

Unearned Revenue	$	11,217
Less: Inventory transferred to FRIAA		1,626
Future cash payment to FRIAA	$	9,591

There are no expected future losses on the discontinued operations.

The revenues and expenses that relate to these operations for the current and prior period are as follows:

	March 31, 2001	March 31, 2000
Revenue	$ 5,231	$ 5,095
Expenses	5,231	5,188
Excess of Expenses over Revenues	$ -	$ 93

Inventory consists of seedlings to be used for reforestation purposes. Seedlings are held in inventory until they are planted at which time they are expensed against unearned revenue. The unearned revenue is reforestation levies that have been received but not expensed.

There are no further assets or liabilities related to the Ministry's discontinued operation as at March 31, 2001.

NOTE 4

Cash

$118,369 (2000, $71,283) of cash consists of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is being managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high-quality, short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the CCITF investments, carrying value approximates fair value. The Ministry cash is comprised of advances for firefighting payroll, mastercard, firewood procurement, petty cash and cash in transit.

	2001	2000
CCITF		
Environmental Protection and Enhancement Fund	$ 117,193	$ 70,154
Natural Resources Conservation Board	1,176	1,129
Total Cash in CCITF	118,369	71,283
Department of Environment	9,095	10,196
Total Cash	$ 127,464	$ 81,479

NOTE 5
Accounts Receivable

	2001			2000
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 57,530	$ 10,328	$ 47,202	$ 47,414

Accounts receivable are unsecured and interest bearing.

NOTE 6
Capital Assets

		2001			2000
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
General Capital Assets:					
Land	Infinite	$ 134,427	$ -	$ 134,427	$ 134,350
Buildings	20-40 years	128,270	63,110	65,160	69,057
Equipment	3-10 years	28,021	25,414	2,607	2,634
Computer Hardware and Software	5-10 years	25,866	13,050	12,816	12,431
Other	20 years	15,914	12,160	3,754	4,549
Infrastructure Assets:					
Land Improvements	40 years	138,587	60,156	78,431	82,703
Highways and Roads	20-40 years	53,702	31,012	22,690	23,585
Bridges	60 years	3,197	586	2,611	2,557
Dam and Water Management Structures	25-80 years	884,639	180,898	703,741	713,880
		$ 1,412,623	$ 386,386	$ 1,026,237	$ 1,045,746

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.

Equipment includes office, laboratory, vehicles, heavy, mobile and fire protection equipment.

Other includes ski lifts.

Land improvements include park development.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices within provincial parks.

Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

Changes to capital assets were as follows:

	2001	2000
Net Book Value at Beginning of Year	$ 1,045,746	$ 1,055,151
Capital Assets Purchased	7,425	13,163
Disposals and Write Downs	(752)	(1,489)
Reclassification of Inventory Held for Resale	-	2,048
Transfers from other Government Entities	-	2,267
Amortization	(26,182)	(25,394)
Net Book Value at End of Year	$ 1,026,237	$ 1,045,746

NOTE 7

Provision for Cell Monitoring and Remediation

The Ministry is responsible for maintaining the integrity of landfill cells at the Swan Hills waste treatment plant. When transferred to the Ministry on November 1, 1998, the estimated obligation for required future cell monitoring, repair, or replacement was $1,050. In 2000-01, the Ministry expensed $54 in the Special Waste Management Program to fulfill its monitoring duties.

NOTE 8

Provision for Future Removal and Site Restoration

The Ministry is responsible for site remediation upon closure of the Swan Hills waste treatment plant.

In 1995, decommissioning costs were estimated to be $42,000, based on a consultant's study. As at March 31, 1998, $9,750 had been amortized.

In 1998, a second consultant's report indicated that the estimated cost of decommissioning could range from $8,900 to $21,600. As of April 1, 1998, $21,000 has been used as the revised estimate for decommissioning. The period of amortization remained unchanged. As a result, the remaining $11,250 of unamortized costs is being amortized at $625 per year over the remaining 18 years. Because decommissioning methods and cost assumptions can change, these estimates may decrease or increase by a material amount.

Effective December 31, 2000, BOVAR returned the Swan Hills waste treatment plant to Alberta Environment. The Alberta government has contracted with a private sector company to operate the plant. Operating results of the plant are reported by the Department of Infrastructure. The government is determining the long term plans for the waste treatment plant. Depending on the final outcome of those plans, the remaining amortization period of 15 years as at March 31, 2001 may be adjusted.

NOTE 9

Commitments

As at March 31, 2001, the Ministry has the following commitments:

	2001	2000
Construction Contracts	$ 35	$ -
Service Contracts	94,183	91,883
Long-Term Leases (a)	2,567	4,118
Grants		
Waste Management Assistance Program	2,971	3,283
Forest Resource Improvement Association of Alberta	4,000	-
Animal and Human Health Scientific Study	7,450	-
Various Other Programs	2,775	2,355
Action on Waste Program	-	1,598
Water Management and Erosion Control Program	-	3,458
	$ 113,981	$ 106,695

(a) The Ministry leases certain equipment under operating leases that expire on various dates up to 2005. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$ 1,655
2003	642
2004	134
2005	136
Total	$ 2,567

NOTE 10
Contingencies

At March 31, 2001, the Ministry is a defendant in sixty-seven legal claims (2000, fifty legal claims). Sixty of these claims have specified amounts totalling $1,338,436 and the remaining seven have not specified any amount (2000, forty-six claims with a specified amount of $1,240,466 and four with no specified amount). Included in the total legal claims are twenty claims amounting to $604,973 in which the Ministry has been jointly named with other entities. Thirty-seven claims amounting to $720,357 are covered by the Alberta Risk Management Fund.

The resulting loss if any, from these claims cannot be determined.

The Ministry also has a contingent liability with respect to future site restoration costs associated with various properties owned by the province. The Ministry recognizes these expenses in the period that site restoration work is performed.

The Ministry is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time, however, the amounts that may be recovered are potentially significant.

During the year, Smoky River Coal Ltd. (SRCL) declared bankruptcy. As a result the Fund cashed the $7,136 letter of credit that SRCL had provided to the Department of Environment. The letter of credit was intended to cover reclamation work in the event that SRCL was unable to perform the work itself. Issues such as determining the level of site reclamation required, determining shared responsibility with related parties, and the assumption of some of the reclamation work by subsequent operators of the site need to be resolved. As a result, an estimate of the costs of SRCL site reclamation for which the Fund is contingently liable cannot be made at this time.

NOTE 11
Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

Trust funds under administration are as follows:

	2001	2000
General Trust	$ 11,009	$ 12,637
Environmental Protection Security Fund	2,518	1,971
Junior Forest Ranger Program	99	169
	$ 13,626	$ 14,777

In addition to the above trust funds under administration, the Ministry holds bank guarantees in the form of letters of credit and promissory notes in the amount of $254,710 (2000, $231,264).

The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, hazardous waste management and hazardous recyclable facilities.

NOTE 12

Pensions

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of $6,922 for the year ending March 31, 2001 (2000, $5,859).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658 (1999, $46,019) and the Public Service Pension Plan reported a surplus of $635,084 (1999, $517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Managers had a surplus of $180 (1999, $33).

NOTE 13

Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

NOTE 14

Government Restructuring

On March 15, 2001, the government announced new ministry structures. As a result, effective March 19, 2001, the Ministry of Environment was reorganized.

Some of the responsibilities of the Ministry remained within the Ministry of Environment. The remaining responsibilities were transferred to the Ministry of Community Development and the newly established Ministry of Sustainable Resource Development.

Since the 2000-01 fiscal year was substantially completed prior to this announcement, these financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-01 fiscal year against the original business plan.

NOTE 15

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Ministers.

Schedule to the Consolidated Financial Statements
Expenses - Directly Incurred Detailed by Object
For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001 Budget	2001 Actual	2000 Actual
Salaries, Wages and Employee Benefits	$ 150,487	$ 160,886	$ 158,565
Supplies and Services	131,324	154,838	224,385
Grants	27,312	18,239	37,140
Financial Transactions and Other	1,443	802	3,689
Amortization of Capital Investment	26,889	26,182	25,392
Total Expenses	$ 337,455	$ 360,946	$ 449,171

Schedule to the Consolidated Financial Statements
Expenses - Directly Incurred Detailed by Object
For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001 Budget	2001 Actual	2000 Actual
Salaries, Wages and Employee Benefits	$ 150,687	$ 160,886	$ 158,565
Supplies and Services	131,324	154,838	224,385
Grants	27,112	18,238	37,140
Financial Transactions and Other	1,443	802	3,689
Amortization of Capital Investment	26,889	26,182	25,392
Total Expenses	$ 337,455	$ 360,946	$ 449,171

Schedule to the Consolidated Financial Statements
Related Party Transactions

March 31, 2001
(in thousands)

Schedule 2

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Other Government of Alberta Entities	
	2001	2000
Revenues		
Grants	$ -	$ 34,940
Fees and Charges	181	144
	$ 181	$ 35,084
Expenses		
Grants	$ 50	$ 53
Other Services	6,167	6,336
Interest	-	2,901
	$ 6,217	$ 9,290
Capital Assets Transferred	$ -	$ 2,267
Receivable From	$ -	$ -
Payable To	$ -	$ 402
Advances From	$ -	$ -

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 3.

	Other Government of Alberta Entities	
	2001	2000
Expenses		
Accommodation	$ 19,287	$ 17,566
Legal	1,983	1,794
	$ 21,270	$ 19,360

Ministry of Environment

Schedule to the Financial Statements

Allocated Costs

For the year ended March 31, 2001

(in thousands)

Schedule 3

	2001						2000
		Expenses Incurred by Others		Valuation Adjustments			
Program	Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Business Sustaining Services	$ 10,104	$ 463	$ 800	$ (80)	$ -	$ 11,287	$ 11,544
Policy Secretariat	3,867	222	-	(55)	(16)	4,018	2,718
Regulatory Approvals	12,017	349	-	(203)	-	12,163	11,885
Environmental Enforcement and Monitoring	11,317	588	32	212	-	12,129	11,371
Compliance	646	41	-	76	-	763	574
Environmental Sciences	9,812	618	-	(23)	(6)	10,401	9,833
Environmental Operations	9,510	581	410	1	-	10,502	12,188
Freedom of Information and Privacy	599	36	-	5	-	640	641
Climate Change	1,827	101	-	124	-	2,052	6,092
Client and Licensing Services	22,810	2,069	66	186	(2)	25,129	24,437
Enforcement Field Services	19,293	1,680	36	749	-	21,758	13,759
Water Management	28,705	1,994	222	138	1	31,060	29,663
Fisheries and Wildlife Management	12,228	4,024	20	281	-	16,553	12,685
Parks and Protected Areas	16,342	1,253	54	(422)	(129)	17,098	21,382
Forest Management	28,387	1,862	120	(288)	199	30,280	33,649
Forest Protection	16,999	1,240	37	333	-	18,609	16,987
Land Administration	15,392	859	185	636	(101)	16,971	16,370
Resource Data	9,791	363	1	166	(1)	10,320	9,814
Ecological Landscape	1,423	28	-	33	-	1,484	348
Fire Suppression	42,463	823	-	(44)	95	43,337	180,361
Environmental Appeal Board	898	-	-	(105)	1	794	762
Natural Resources Conservation Board	741	113	-	-	-	854	878
Land Reclamation Program	617	-	-	-	-	617	400
Forest Development Research Program	581	-	-	-	-	581	495
Special Waste Management Program	1,001	-	-	-	-	1,001	1,138
Natural Resources Emergency Program	57,394	-	-	-	-	57,394	136,949
Ministry Amortization	26,182	-	-	-	-	26,182	25,394
	$ 360,906	$ 19,287	$ 1,983	$ 1,720	$ 41	$ 383,977	$ 592,317

(1) Expenses - directly incurred as per Statement of Operations, excluding valuation adjustments

Ministry of Environment

Schedule to the Consolidated Financial Statements

Related Party Transactions

March 31, 2001

(in thousands)

Schedule 2

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

	Other Government of Alberta Entities	
	2001	2000
Revenues		
Grants	$ -	$ 34,940
Fees and Charges	181	144
	$ 181	$ 35,084
Expenses		
Grants	$ 50	$ 53
Other Services	6,167	6,336
Interest	-	2,901
	$ 6,217	$ 9,290
Capital Assets Transferred	$ -	$ 2,267
Receivable From	$ -	$
Payable To	$ -	$ 402
Advances From	$ -	$

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 3.

	Other Government of Alberta Entities	
	2001	2000
Expenses		
Accommodation	$ 19,287	$ 17,566
Legal	1,983	1,794
	$ 21,270	$ 19,360

Schedule to the Financial Statements
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 3

	2001						2000
		Expenses-Incurred by Others		Valuation Adjustments			
Program	Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Business Sustaining Services	$ 10,104	$ 463	$ 800	$ (80)	$ -	$ 11,287	$ 11,524
Policy Secretariat	3,867	222	-	(55)	(16)	4,018	2,718
Regulatory Approvals	12,017	349	-	(203)	-	12,163	11,885
Environmental Enforcement and Monitoring	11,317	568	32	212	-	12,129	11,371
Compliance	646	41	-	76	-	763	574
Environmental Sciences	9,812	618	-	(23)	(6)	10,401	9,823
Environmental Operations	9,510	581	410	1	-	10,502	12,188
Freedom of Information and Privacy	599	36	-	5	-	640	641
Climate Change	1,827	101	-	124	-	2,052	6,092
Client and Licensing Services	22,810	2,069	66	186	(2)	25,129	24,437
Enforcement Field Services	19,293	1,680	36	749	-	21,758	13,759
Water Management	28,705	1,994	222	138	1	31,060	29,663
Fisheries and Wildlife Management	12,228	4,024	20	281	-	16,553	12,685
Parks and Protected Areas	16,342	1,253	54	(422)	(129)	17,098	21,382
Forest Management	28,387	1,862	120	(288)	199	30,280	33,644
Forest Protection	16,999	1,240	37	333	-	18,609	16,987
Land Administration	15,392	859	185	636	(101)	16,971	16,370
Resource Data	9,791	363	1	166	(1)	10,320	9,814
Ecological Landscape	1,423	28	-	33	-	1,484	526
Fire Suppression	42,463	823	-	(44)	95	43,337	180,391
Environmental Appeal Board	898	-	-	(105)	1	794	752
Natural Resources Conservation Board	741	113	-	-	-	854	878
Land Reclamation Program	617	-	-	-	-	617	400
Forest Development Research Program	581	-	-	-	-	581	499
Special Waste Management Program	1,001	-	-	-	-	1,001	1,138
Natural Resources Emergency Program	57,394	-	-	-	-	57,394	136,649
Ministry Amortization	26,182	-	-	-	-	26,182	25,344
	$ 360,946	$ 19,287	$ 1,983	$ 1,720	$ 41	$ 383,977	$ 592,412

[1] Expenses - directly incurred as per Statement of Operations, excluding valuation adjustments.

Auditor's Report

To the Ministers of Environment and Sustainable Resource Development

I have audited the statement of financial position of the Department of Environment as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Department is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across departments. With certain exceptions, the basis of accounting is in accordance with Canadian generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from Canadian generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from Canadian generally accepted accounting principles:

Site Restoration Costs

Management has identified sites that are owned by the government, and for which the Department is responsible for site restoration. The cost to restore these sites is estimated to be $14.7 million. For these identified sites, no liability has been recorded. As a result, liabilities are understated and net assets overstated by $14.7 million. There are also a number of other sites not owned by the government, for which the department may be responsible for site restoration. These financial statements do not disclose the Department's liability for the restoration of the sites not owned by the government.

Capitalization of Assets

Capital asset purchases under $15,000 in the Department have been expensed in the year acquired and have not been recognized as an asset in the accompanying statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the statement of operations. In my view, these financial statements should recognize capital assets with a net book value estimated to be at least $20 million. The effect of not recognizing capital assets is to understate net assets by the same amount. The effect on expenses cannot reasonably be determined.

Consumable Inventory

Consumable inventory has been expensed when purchased and has not been recognized as an asset in the accompanying statement of financial position. The value of consumable inventory not recorded at March 31, 2001 is estimated to be between $3 and $4 million. As a result, net assets are understated by the same amount.

Auditor's Report

Discontinued Operations

As described in Note 3, on May 24, 2000, management adopted a plan to discontinue the operations of the reforestation program and transfer the reforestation levy to the Forest Resource Improvement Association of Alberta, a delegated administrative organization. In my view, the results of these operations should be reported separately for the current and prior periods in the accompanying statement of operations.

Revenues and expense relating to these operations were $5,231,000 for the year ended March 31, 2001 and $5,167,000 for the year ended March 31, 2000.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Department of Environment

Statement of Operations

For the year ended March 31, 2001

(in thousands)

	2001 Budget (Schedule 4)	2001 Actual	2000 Actual
Revenues (Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	$ (75,612)	$ (63,067)	$ (112,779)
Transfer from Lottery Fund	-	-	34,940
Transfer from Government of Canada	8,396	7,724	30,054
Fees, Permits and Licenses	129,278	113,729	138,719
Investment Income	150	115	169
Other Revenue	4,751	6,871	5,705
	66,963	65,372	96,808
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
Business Sustaining Services	11,174	10,104	10,453
Policy Secretariat	3,684	3,867	2,470
Regulatory Approvals	11,759	12,017	11,464
Environmental Enforcement and Monitoring	11,468	11,317	10,884
Compliance	674	646	604
Environmental Sciences	10,262	9,812	9,329
Environmental Operations	9,639	9,510	11,141
Freedom of Information and Privacy	603	599	586
Climate Change	1,673	1,827	6,000
Client and Licensing Services	26,231	22,810	22,416
Enforcement Field Services	19,311	19,293	12,077
Water Management	28,391	28,705	28,034
Fisheries and Wildlife Management	11,297	12,228	9,370
Parks and Protected Areas	15,532	16,342	20,557
Forest Management	33,217	28,387	32,180
Forest Protection	20,032	16,999	15,819
Land Administration	15,843	15,392	15,729
Resource Data	7,390	9,791	9,489
Ecological Landscape	563	1,423	310
Fire Suppression	42,461	74,463	178,261
Environmental Appeal Board	891	898	745
Assistance to Natural Resources Conservation Board	1,352	652	696
Amortization	26,834	26,163	25,345
Nominal Sum Disposals	10,000	-	-
	320,281	333,245	433,959
Valuation Adjustments			
Provision for Doubtful Accounts	1,189	41	162
Provision for Vacation Pay	-	1,720	(246)
	1,189	1,761	(84)
Total Expenses	321,470	335,006	433,875
(Gains) Losses			
Disposal of Capital Assets	(5,800)	(2,184)	(1,573)
Write Down of Capital Assets	-	392	-
	(5,800)	(1,792)	(1,573)
Net Operating Results	$ (248,707)	$ (267,842)	$ (335,494)

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Operations

For the year ended March 31, 2001

(in thousands)

	2001 Budget (Schedule 4)	2001 Actual	2000 Actual
Revenues (Schedules 1 and 2)			
Transfer to Environmental Protection and Enhancement Fund	$ (75,612)	$ (63,067)	$ (112,779)
Transfer from Lottery Fund	-	-	34,940
Transfer from Government of Canada	8,396	7,724	30,054
Fees, Permits and Licenses	129,278	113,729	138,709
Investment Income	150	115	169
Other Revenue	4,751	6,871	5,705
	66,963	65,372	96,808
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedules 3 and 5)			
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Regulatory Approvals	11,759	12,017	11,464
Environmental Enforcement and Monitoring	11,468	11,317	10,884
Compliance	674	646	604
Environmental Sciences	10,262	9,812	9,329
Environmental Operations	9,639	9,510	11,141
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Climate Change	1,673	1,827	6,000
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Enforcement Field Services	19,311	19,293	12,077
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Forest Protection	20,032	16,999	15,819
Land Administration	15,843	15,392	15,729
Resource Data	7,390	9,791	9,489
Ecological Landscape	563	1,423	310
Fire Suppression	42,461	74,463	178,261
Environmental Appeal Board	891	898	745
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Amortization	26,834	26,163	25,345
Nominal Sum Disposals	10,000	-	
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Disposal of Capital Assets	(5,800)	(2,184)	(1,573)
Write Down of Capital Assets	-	392	
	(5,800)	(1,792)	(1,573)
Net Operating Results	$ (248,707)	$ (267,842)	$ (335,494)

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Financial Position

As at March 31, 2001
(in thousands)

	2001	2000
Assets		
Cash	$ 9,095	$ 10,196
Accounts Receivable (Note 4)	49,915	48,804
Advances	161	155
Inventories	-	2,005
Capital Assets (Note 5)	1,025,069	1,044,590
	$ 1,084,240	$ 1,105,750
Liabilities		
Accounts Payable and Accrued Liabilities	$ 94,868	$ 96,372
Unearned Revenue	25,941	37,390
	120,809	133,762
Net Assets		
Net Assets at Beginning of Year	971,988	981,393
Net Operating Results	(267,842)	(35,494)
Net Transfer from General Revenues	259,285	326,089
Net Assets at End of Year	963,431	971,988
	$ 1,084,240	$ 1,105,750

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Changes in Financial Position

For the year ended M[illegible]

th[illegible]sands)

	[illegible]	2000
Operating Transactions		
Net Operating Results	$ [illegible]	$ (335,494)
Non-Cash Items:		
Amortization	[illegible]	25,345
Gain on Disposal of Capital Assets	[illegible]	(1,573)
Loss on Write Down of Capital Assets	[illegible]	-
Valuation Adjustments	[illegible]	(84)
	[illegible]	(311,806)
Increase in Accounts Receivable	[illegible]	(14,562)
Increase in Advances	[illegible]	(17)
Decrease in Inventories	[illegible]	1,806
Increase (Decrease) in Accounts Payable and Accrued Liabilities	[illegible]	11,039
Increase (Decrease) in Unearned Revenue	[illegible]	5,092
Cash Used by Operating Transactions	[illegible]	(308,448)
Investing Transactions		
Purchase of Capital Assets	[illegible]	(13,154)
Reclassification of Inventory Held for Resale (Real Estate)		(2,048)
Proceeds from Disposal of Capital Assets	[illegible]	3,062
Transfer of Capital Assets from Other Government Entities	-	(2,267)
Cash Used by Investing Transactions	[illegible]	(14,407)
Financing Transactions		
Net Transfer from General Revenues	[illegible]	326,089
Cash Provided by Financing Transactions	[illegible]	326,089
Net Cash Provided (Used)	[illegible]	3,234
Cash, Beginning of Year	[illegible]	6,962
Cash, End of Year	$ [illegible]	$ 10,196

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Financial Position

As at March 31, 2001
(in thousands)

	2001	2000
Assets		
Cash	$ 9,095	$ 10,196
Accounts Receivable (Note 4)	49,915	48,804
Advances	161	155
Inventories	-	2,005
Capital Assets (Note 5)	1,025,069	1,044,590
	$ 1,084,240	$ 1,105,750
Liabilities		
Accounts Payable and Accrued Liabilities	$ 94,868	$ 96,372
Unearned Revenue	25,941	37,390
	120,809	133,762
Net Assets		
Net Assets at Beginning of Year	971,988	981,393
Net Operating Results	(267,842)	(35,494)
Net Transfer from General Revenues	259,285	326,089
Net Assets at End of Year	963,431	971,988
	$ 1,084,240	$ 1,105,750

The accompanying notes and schedules are part of these financial statements.

Department of Environment

Statement of Changes in Financial Position

For the year ended M...

(Thousands)

	2001	2000
Operating Transactions		
Net Operating Results	$ (267,842)	$ (335,494)
Non-Cash Items:		
Amortization	26,163	25,345
Gain on Disposal of Capital Assets	(2,184)	(1,573)
Loss on Write Down of Capital Assets	392	
Valuation Adjustments	1,761	(84)
	(241,710)	(311,806)
Increase in Accounts Receivable	(1,152)	(14,562)
Increase in Advances	(6)	(17)
Decrease in Inventories	2,005	1,806
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(3,224)	11,039
Increase (Decrease) in Unearned Revenue	(11,449)	5,092
Cash Used by Operating Transactions	(255,536)	(308,448)
Investing Transactions		
Purchase of Capital Assets	(7,394)	(13,154)
Reclassification of Inventory Held for Resale (Real Estate)	-	(2,048)
Proceeds from Disposal of Capital Assets	2,544	3,062
Transfer of Capital Assets from Other Government Entities	-	(2,267)
Cash Used by Investing Transactions	(4,850)	(14,407)
Financing Transactions		
Net Transfer from General Revenues	259,285	326,089
Cash Provided by Financing Transactions	259,285	326,089
Net Cash Provided (Used)	(1,101)	3,234
Cash, Beginning of Year	10,196	6,962
Cash, End of Year	$ 9,095	$ 10,196

The accompanying notes and schedules are part of these financial statements.

NOTE 1

Authority and Purpose

The Department of Environment (the Department) operates under the authority of the *Government Organization Act*, Statutes of Alberta.

The purpose of the Department is the protection and enhancement of the environment and the management of Alberta's renewable natural resources (air, land, water, forests, fish, wildlife and parks). The Department is committed to managing the environment in a way that protects and maintains the landscape and its diversity for the benefit of present and future generations. Future economic prosperity is supported by managing natural resources in a sustainable manner.

NOTE 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Environment, which is part of the Ministry of Environment (the Ministry) and for which the Minister of Environment is accountable. Other entities reporting to the Minister include the Environmental Protection and Enhancement Fund and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending and must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from employees and other organizations or individuals, as well as inventories held for resale.

Assets acquired by right are not included. Capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100 and the threshold for all other capital assets is $15. All land is capitalized.

Liabilities

Liabilities include all financial claims payable by the Department at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, and accounts payable and accrued liabilities are estimated to approximate their book values.

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accruals related to the Softwood Lumber Agreement, forming part of accounts receivable and recorded as $31,867 in these financial statements, are subject to measurement uncertainty. Until March 31, 2001, trade in softwood lumber between Canada and the United States was governed by the Softwood Lumber Agreement. The Alberta and Canadian governments are discussing the use of some of this receivable to defend Alberta's position against possible future countervailing challenges or duties. The cost of defending countervails may be greater than allowed for in calculating the accrual. Therefore, the actual amount collected related to the Softwood Lumber Agreement could vary significantly from that estimated.

NOTE 3

Discontinued Operations/Transfer of Responsibility

The Reforestation Program was established to reforest Crown Lands subject to reforestation levies. Certain forest operators were required to pay a levy based on areas cut under the authority of the Timber Management Regulation. These levies were recorded as unearned revenue and are earned once the reforestation work takes place.

On May 24, 2000, management of the Department adopted a plan to discontinue the operations of the Reforestation Program and transfer the reforestation levy to the Forest Resource Improvement Association of Alberta (FRIAA). The Department continued to collect levies on behalf of FRIAA until a reforestation agreement was finalized March 27, 2001.

The transfer to FRIAA consists of the seedling inventory at March 27, 2001 and a future cash payment in the amount of the reforestation levies net of the inventory.

Assets and levies related to the Department's discontinued operations are:

Unearned Revenue	$ 11,217
Less: Inventory transferred to FRIAA	1,626
Future cash payment to FRIAA	$ 9,591

There are no expected future losses on the discontinued operations.

The revenues and expenses that relate to these operations for the current and prior period are as follows:

	March 31, 2001	March 31,2000
Revenue	$ 5,231	$ 5,095
Expenses	5,231	5,188
Excess of Expenses over Revenues	$ -	$ 93

Inventory consists of seedlings to be used for reforestation purposes. Seedlings are held in inventory until they are planted at which time they are expensed against unearned revenue. The unearned revenue is reforestation levies that have been received but not expensed.

There are no further assets or liabilities related to the Department's discontinued operation as at March 31, 2001.

NOTE 4
Accounts Receivable

	2001			2000
	Gross Amount	Allowance For Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 60,187	$ 10,328	$ 49,859	$ 47,152
Refunds from Suppliers	56	-	56	1,652
	$ 60,243	$ 10,328	$ 49,915	$ 48,804

Accounts receivable are unsecured and interest bearing.

NOTE 5
Capital Assets

	Estimated Useful Life	2001 Cost	2001 Accumulated Amortization	2001 Net Book Value	2000 Net Book Value
General Capital Assets:					
Land	Infinite	$ 134,273	$ -	$ 134,273	$ 134,276
Buildings	40 years	126,950	62,747	64,203	68,020
Equipment	3-10 years	27,881	25,300	2,581	2,602
Computer Hardware and Software	5-10 years	25,650	12,865	12,785	12,418
Other	20 years	15,914	12,160	3,754	4,549
Infrastructure Assets:					
Land Improvements	40 years	138,587	60,156	78,431	82,703
Highways and Roads	20-40 years	53,702	31,012	22,690	23,585
Bridges	60 years	3,197	586	2,611	2,557
Dam and Water Management Structures	25-80 years	884,639	180,898	703,741	713,880
		$ 1,410,793	$ 385,724	$ 1,025,069	$ 1,044,590

Land includes land acquired for parks and recreation, building sites, infrastructure and other program use.

Equipment includes office, laboratory, vehicles, heavy, mobile and fire protection equipment.

Other includes ski lifts.

Land improvements include park development.

Highways and roads consist of original pavement, roadbed, drainage works and traffic control devices within provincial parks.

Dams and water management structures include dams, reservoirs, weirs, canals, dykes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

Changes to capital assets were as follows:

	2001	2000
Net Book Value at Beginning of Year	$ 1,044,590	$ 1,053,955
Capital Assets Purchased	7,394	13,154
Disposals and Write Downs	(752)	(1,489)
Reclassification of Inventory Held for Resale	-	2,048
Transfer from other Government Entities	-	2,267
Amortization	(26,163)	(25,345)
Net Book Value at End of Year	$ 1,025,069	$ 1,044,590

NOTE 6
Commitments

As at March 31, 2001, the Department has the following commitments:

	2001	2000
Capital Construction Contracts	$ 35	$ -
Service Contracts	5,763	9,405
Long Term Leases (a)	1,925	4,118
Grants		
Waste Management Assistance Program	2,971	3,283
Forest Resource Improvement Association of Alberta	4,000	-
Animal and Human Health Scientific Study	7,450	-
Various other Programs	2,775	2,355
Action on Waste Program	-	1,598
Water Management and Erosion Control Program	-	3,458
	$ 24,919	$ 24,217

(a) The Department leases certain equipment under operating leases that expire on various dates up to 2003. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2002	$ 1,489
2003	436
Total	$ 1,925

NOTE 7
Contingencies

At March 31, 2001, the Department is a defendant in sixty-seven legal claims (2000, fifty legal claims). Sixty of these claims have specified amounts totalling $1,338,436 and the remaining seven have not specified any amount (2000, forty-six claims with a specified amount of $1,240,466 and four with no specified amount). Included in the total legal claims are twenty claims amounting to $604,973 in which the Department has been jointly named with other entities. Thirty-seven claims amounting to $720,357 are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

The Department also has a contingent liability with respect to future site restoration costs associated with various properties owned by the province. The Department recognizes these expenses in the period that site restoration work is performed.

The Department is actively involved in various legal actions to recover amounts spent on fighting forest fires. The outcome of these actions is not determinable at the present time, however, the amounts that may be recovered are potentially significant.

NOTE 8
Trust Funds Under Administration

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

As at March 31, 2001, trust funds under administration were as follows:

	2001	2000
General Trust	$ 11,009	$ 12,637
Environmental Protection Security Fund	2,518	1,971
Junior Forest Ranger Program	99	169
	$ 13,626	$ 14,777

In addition to the above trust funds under administration, the Department holds bank guarantees in the form of letters of credit and promissory notes in the amount of $254,710 (2000, $231,264). The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, hazardous waste management and hazardous recyclable facilities.

NOTE 9

Pensions

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,878 for the year ending March 31, 2001 (2000, $5,812).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658 (1999, $46,019) and the Public Service Pension Plan reported a surplus of $635,084 (1999, $517,020). At December 31, 2000, the Supplementary Retirement Plan for Public Managers had a surplus of $180 (1999, $33).

NOTE 10

Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

NOTE 11

Government Restructuring

On March 15, 2001, the government announced new ministry structures. As a result, effective March 19, 2001, the Department of Environment was reorganized.

Some of the responsibilities of the Department remained within the Department of Environment. The remaining responsibilities were transferred to the Department of Community Development and the newly established Department of Sustainable Resource Development.

Since the 2000-01 fiscal year was substantially completed prior to this announcement, these financial statements have been prepared as if the restructuring took place on April 1, 2001, to provide proper accountability for the 2000-01 fiscal year against the original business plan.

NOTE 12

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Ministers.

Department of Environment
Schedule to Financial Statements

Revenues

For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001		2000
	Budget	Actual	Actual
Internal Government Transfers			
Transfer to Environmental Protection and Enhancement Fund	$ [illegible]	$ [illegible]	$ (112,779)
Transfer from Environmental Protection and Enhancement Fund	-	[illegible]	-
	[illegible]	[illegible]	(112,779)
Transfer from Lottery Fund	[illegible]	[illegible]	34,940
Transfer from the Government of Canada	[illegible]	[illegible]	30,054
Fees, Permits and Licenses			
Timber Royalties and Fees	[illegible]	[illegible]	100,772
Land and Grazing	[illegible]	[illegible]	29,631
Other	[illegible]	[illegible]	8,316
	[illegible]	[illegible]	138,719
Investment Income	[illegible]	[illegible]	169
Other Revenue			
Refunds of Expenditure	[illegible]	[illegible]	2,665
Other	[illegible]	[illegible]	3,040
	[illegible]	[illegible]	5,705
Total Revenue	$ [illegible]	$ [illegible]	$ 96,808

Department of Environment
Schedule to Financial Statements

Dedicated Revenue Operating Initiatives

For the year ended March 31, 2001
(in thousands)

Schedule 2A

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall) /Excess
Reforestation	$ 6,900	$ 5,231	$ (1,669)
Spatial Data Warehouse	1,200	762	(438)
Park Operations	2,100	1,158	(942)
Environmental Training Centre	592	104	(488)
Water Management Infrastructure	221	330	109
Western Economic Partnership Agreement	305	282	(23)
Total	$ 11,318	$ 7,867	$ (3,451)

Reforestation dedicated revenue initiative refers to reforestation services provided on behalf of industry operators who have opted to pay a levy to the Province.

The Spatial Data Warehouse dedicated revenue initiative was established for the purpose of updating the cadastral base maps. The source of this dedicated revenue is a filing fee for each survey plan filed at Land Titles Office.

The Parks Operations dedicated revenue initiative is established to: a) ensure that tendered campgrounds, that have not been contracted out, and other recreation facilities will remain open to the public; b) facilitate the receipt of corporate and private sector contributions to the parks program; c) provide for the interim operation of tendered campgrounds and recreation facilities by redirecting fees, corporate and other contributions to park operations; d) provide for the cost of firewood supply at sites which do not have facility operating agreements or firewood concessions.

The Environmental Training Centre dedicated revenue initiative was established for the purpose of collecting revenue for room and board and for classroom utilization including audio visual equipment at the Environmental Training Centre. Also included is the sale of interactive fire compact discs for national and international studies. The users/customers include universities, youth groups and armed forces.

The Water Management Infrastructure dedicated revenue initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Province.

The Western Economic Partnership Agreement dedicated revenue initiative refers to an agreement with the Federal Government whereby the Federal Government has agreed to pay 50 per cent of the cost of the following two projects over a three year period beginning in 1999/2000: (a) preparation of ground water protection maps (a joint project with the Alberta Geological Service) and; (b) development of a Sustainable Development Strategy for the Athabasca Oil Sands.

Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Department of Environment
Schedule to Financial Statements
Revenues
For the year ended March 31, 2001
(in thousands)

Schedule 1

	2001 Budget	2001 Actual	2000 Actual
Internal Government Transfers			
Transfer to Environmental Protection and Enhancement Fund	$ (75,612)	$ (66,464)	$ (112,779)
Transfer from Environmental Protection and Enhancement Fund	-	3,397	-
	(75,612)	(63,067)	(112,779)
Transfer from Lottery Fund	-	-	34,940
Transfer from the Government of Canada	8,396	7,724	30,054
Fees, Permits and Licenses			
Timber Royalties and Fees	89,617	72,313	100,772
Land and Grazing	27,550	32,324	29,631
Other	12,111	9,092	8,316
	129,278	113,729	138,719
Investment Income	150	115	169
Other Revenue			
Refunds of Expenditure	390	2,402	2,665
Other	4,361	4,469	3,040
	4,751	6,871	5,705
Total Revenue	$ 66,963	$ 65,372	$ 96,808

Department of Environment
Schedule to Financial Statements

Dedicated Revenue Operating Initiatives

For the year ended March 31, 2001
(in thousands)

Schedule 2A

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall) /Excess
Reforestation	$ 6,900	$ 5,231	$ (1,669)
Spatial Data Warehouse	1,200	762	(438)
Park Operations	2,100	1,158	(942)
Environmental Training Centre	592	104	(488)
Water Management Infrastructure	221	330	109
Western Economic Partnership Agreement	305	282	(23)
Total	$ 11,318	$ 7,867	$ (3,451)

Reforestation dedicated revenue initiative refers to reforestation services provided on behalf of industry operators who have opted to pay a levy to the Province.

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The Water Management Infrastructure dedicated revenue initiative refers to the maintenance and upgrading of the provincial water management infrastructure system. Revenues are received through the Use of Works Agreements whereby developers pay an annual fee to the Province.

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Note: The dedicated revenues presented in this schedule are included in the Department's Statement of Operations.

Department of Environment
Schedule to Financial Statements

Dedicated Revenue Capital Initiatives

For the year ended March 31, 2001
(in thousands)

Schedule 2B

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	Shortfall
Parks Reinvestment Levy	$ 1,500	$ 695	$ (805)
Reforestation	100	-	(100)
Total	$ 1,600	$ 695	$ (905)

Revenues generated by the Parks Reinvestment Levy Dedicated Revenue are used for reinvestment in the aging infrastructure of Alberta's parks and recreation areas. This levy is included in the camping fees at all Natural Heritage Sites and those Recreation Facility sites operated to department standards.

Reforestation dedicated revenue initiative refers to reforestation services provided on behalf of industry operators who have opted to pay a levy to the Province.

Department of Environment
Schedule to Financial Statements

Expenses - Directly Incurred Detailed by Object

For the year ended March 31, 2001
(in thousands)

Schedule 3

	2001		2000
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 148,397	$ 140,778	$ 143,146
Supplies and Services	117,001	77,529	101,342
Grants	27,981	88,676	164,022
Financial Transactions and Other	68	99	104
Amortization of Capital Assets	26,834	26,163	25,345
Total Voted Expenses	$ 320,281	$ 333,245	$ 433,959

Department of Environment
Schedule to Financial Statements

Dedicated Revenue Capital Initiatives

For the year ended March 31, 2001
(in thousands)

Schedule 2B

	2001		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	Shortfall
Parks Reinvestment Levy	$ 1,500	$ 695	$ (805)
Reforestation	100	-	(100)
Total	$ 1,600	$ 695	$ (905)

Revenues generated by the Parks Reinvestment Levy Dedicated Revenue are used for reinvestment in the aging infrastructure of Alberta's parks and recreation areas. This levy is included in the camping fees at all Natural Heritage Sites and those Recreation Facility sites operated to department standards.

Reforestation dedicated revenue initiative refers to reforestation services provided on behalf of industry operators who have opted to pay a levy to the Province.

Department of Environment
Schedule to Financial Statements

Expenses - Directly Incurred Detailed by Object

For the year ended March 31, 2001
(in thousands)

Schedule 3

	2001 Budget	2001 Actual	2000 Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 148,397	$ 140,778	$ 143,146
Supplies and Services	117,001	77,529	101,342
Grants	27,981	88,676	164,022
Financial Transactions and Other	68	99	104
Amortization of Capital Assets	26,834	26,163	25,345
Total Voted Expenses	$ 320,281	$ 333,245	$ 433,959

Department of Environment
Schedule to the Financial Statements
Budget
For the year ended March 31, 2001
(in thousands)

Schedule 4

	2000-2001 Estimates	Adjustments (a)	2000-2001 Budget	Authorized Supplementary (b)	2000-2001 Authorized Budget (c)
Revenues					
Transfer to Environmental Protection and Enhancement Fund	$ (75,612)	$ -	$ (75,612)	$ -	$ (75,612)
Transfer from the Government of Canada	8,396	-	8,396	-	8,396
Fees, Permits and Licenses	129,278	-	129,278	-	129,278
Investment Income	150	-	150	-	150
Other Revenue	4,751	-	4,751	-	4,751
	66,963	-	66,963	-	66,963
Expenses					
Voted					
Business Sustaining Services	11,174	-	11,174	-	11,174
Policy Secretariat	3,684	-	3,684	-	3,684
Regulatory Approvals	11,759	-	11,759	-	11,759
Environmental Enforcement and Monitoring	11,468	-	11,468	-	11,468
Compliance	674	-	674	-	674
Environmental Sciences	10,262	-	10,262	-	10,262
Environmental Operations	9,639	-	9,639	-	9,639
Freedom of Information and Privacy	603	-	603	-	603
Climate Change	1,673	-	1,673	-	1,673
Client and Licensing Services	26,231	-	26,231	-	26,231
Enforcement Field Services	19,311	-	19,311	-	19,311
Water Management	28,391	-	28,391	-	28,391
Fisheries and Wildlife Management	11,297	-	11,297	-	11,297
Parks and Protected Areas	15,532	-	15,532	-	15,532
Forest Management	33,217	-	33,217	-	33,217
Forest Protection	20,032	-	20,032	-	20,032
Land Administration	15,843	-	15,843	-	15,843
Resource Data	7,390	-	7,390	-	7,390
Ecological Landscape	563	-	563	-	563
Fire Suppression	42,461	-	42,461	33,000	75,461
Environmental Appeal Board	891	-	891	-	891
Assistance to Natural Resources Conservation Board	1,352	-	1,352	-	1,352
Amortization of Capital Investment	26,834	-	26,834	-	26,834
Nominal Sum Disposals	10,000	-	10,000	-	10,000
Dedicated Revenue Shortfall (Schedule 2)	-	(3,451)	(3,451)	-	(3,451)
	320,281	(3,451)	316,830	33,000	349,830
Valuation Adjustments					
Provision for Doubtful Accounts	1,189	-	1,189	-	1,189
Provision for Vacation Pay	-	-	-	-	-
	1,189	-	1,189	-	1,189
Total Expenses	321,470	(3,451)	318,019	33,000	351,019
(Gain) on Disposal of Capital Assets	(5,800)	-	(5,800)	-	(5,800)
Net Operating Results	$ (248,707)	$ 3,451	$ (245,256)	$ (33,000)	$ (278,256)
Capital Investment	$ 12,225	$ (905)	$ 11,320	$ -	$ 11,320

(a) Adjustments include dedicated revenue shortfalls. In the event that actual voted operating expenses or capital investments in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted expenses in the current year.

(b) The Supplementary Estimate was approved on December 4, 2000. Treasury Board approval is pursuant to section 29 (1.1) of the *Financial Administration Act*.

(c) Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this schedule (Note 11).

Department of Environment
Schedule to the Financial Statements

Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget

For the year ended March 31, 2001
(in thousands)

Schedule 5

		2001						
		Estimates	Adjustments(a)	Budget	Authorized Supplementary (b)	Authorized Budget(c)	Actual Expense(d)	Unexpended (Over Expended)
Voted Expenses and Capital Investments								
Ministry Support Services								
1.0.1	Minister's Office	$ 380	$ -	$ 380	$ -	$ 380	$ 365	$ 15
1.0.2	Deputy Minister's Office	694	-	694	-	694	603	91
1.0.3	Financial Services							
	Operating Expense	5,013	-	5,013	-	5,013	4,886	127
	Capital Investment	28	-	28	-	28	28	-
1.0.4	Communications	1,592	-	1,592	-	1,592	1,392	200
1.0.5	Human Resources	3,495	-	3,495	-	3,495	2,858	637
1.0.6	Amortization of Capital Investment	35	-	35	-	35	51	(16)
TOTAL PROGRAM 1		11,237	-	11,237	-	11,237	10,183	1,054
Policy, Program and Standards								
2.0.1	Policy Secretariat	3,684	-	3,684	-	3,684	3,867	(183)
2.0.2	Environmental Enforcement and Monitoring							
	Operating Expense	7,352	-	7,352	-	7,352	6,994	358
	Capital Investment	63	-	63	-	63	314	(251)
2.0.3	Compliance	674	-	674	-	674	646	28
2.0.4	Environmental Sciences	10,262	-	10,262	-	10,262	9,812	450
2.0.5	Environmental Operations							
	Operating Expense	9,639	-	9,639	-	9,639	9,510	129
	Capital Investment	138	-	138	-	138	93	45
2.0.6	Freedom of Information and Privacy	603	-	603	-	603	599	4
2.0.7	Climate Change	1,673	-	1,673	-	1,673	1,827	(154)
2.0.8	Client and Licensing Services							
	Operating Expense	9,852	-	9,852	-	9,852	6,066	3,786
	Capital Investment	475	-	475	-	475	106	369
2.0.9	Enforcement Field Services							
	Operating Expense	2,825	-	2,825	-	2,825	3,152	(327)
	Capital Investment	-	-		-	-	147	(147)
2.0.10	Water Management							
	Operating Expense	17,552	-	17,552	-	17,552	17,857	(305)
	Capital Investment	295	-	295	-	295	939	(644)
2.0.11	Fisheries and Wildlife Management							
	Operating Expense	6,217	-	6,217	-	6,217	7,060	(843)
	Capital Investment	-	-	-	-	-	39	(39)
2.0.12	Parks and Protected Areas	3,005	-	3,005	-	3,005	3,271	(266)
2.0.13	Forest Management							
	Operating Expense	21,731	-	21,731	-	21,731	14,369	7,362
	Capital Investment	457	-	457	-	457	113	344
2.0.14	Forest Protection							
	Operating Expense	7,332	-	7,332	-	7,332	6,975	357
	Capital Investment	4,853	-	4,853	-	4,853	36	4,817
2.0.15	Land Administration							
	Operating Expense	10,611	-	10,611	-	10,611	9,943	668
	Capital Investment	61	-	61	-	61	39	22
2.0.16	Resource Data							
	Operating Expense	7,390	-	7,390	-	7,390	9,791	(2,401)
	Capital Investment	1,064	-	1,064	-	1,064	1,001	63

Department of Environment
Schedule to the Financial Statements

Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget

For the year ended March 31, 2001
(in thousands)

Schedule 5 - cont'd

		2001						
		Estimates	Adjustments(a)	Budget	Authorized Supplementary (b)	Authorized Budget(c)	Actual Expense(d)	Unexpended (Over Expended)
2.0.17	Ecological Landscape	563	-	563	-	563	1,423	(860)
2.0.18	Amortization of Capital Investment	2,127	-	2,127	-	2,127	2,448	(321)
	TOTAL PROGRAM 2	130,498	-	130,498	-	130,498	118,437	12,061
Fire Suppression								
3.0.1	Fire Suppression							
	Operating Expense	42,461	-	42,461	33,000	75,461	74,463	998
	Capital Investment	22	-	22	-	22	1,303	(1,281)
	TOTAL PROGRAM 3	42,483	-	42,483	33,000	75,483	75,766	(283)
Northwest Boreal Region								
4.0.1	Regulatory Approvals	1,454	-	1,454	-	1,454	1,478	(24)
4.0.2	Environmental Enforcement and Monitoring	633	-	633	-	633	623	10
4.0.3	Client and Licensing Services							
	Operating Expense	2,952	-	2,952	-	2,952	2,853	99
	Capital Investment	-	-	-	-	-	35	(35)
4.0.4	Enforcement Field Services	3,250	-	3,250	-	3,250	3,089	161
4.0.5	Water Management							
	Operating Expense	973	-	973	-	973	1,080	(107)
	Capital Investment	275	-	275	-	275	285	(10)
4.0.6	Fisheries and Wildlife Management	915	-	915	-	915	975	(60)
4.0.7	Parks and Protected Areas							
	Operating Expense	1,120	-	1,120	-	1,120	1,222	(102)
	Capital Investment	355	-	355	-	355	211	144
4.0.8	Forest Management							
	Operating Expense	3,496	-	3,496	-	3,496	4,135	(639)
	Capital Investment	24	-	24	-	24	-	24
4.0.9	Forest Protection							
	Operating Expense	4,498	-	4,498	-	4,498	3,637	861
	Capital Investment	28	-	28	-	28	-	28
4.0.10	Land Administration							
	Operating Expense	2,236	-	2,236	-	2,236	1,930	306
	Capital Investment	16	-	16	-	16	-	16
4.0.11	Amortization of Capital Investment	1,458	-	1,458	-	1,458	1,220	238
4.0.12	Nominal Sum Disposal	1,668	-	1,668	-	1,668	-	1,668
	TOTAL PROGRAM 4	25,351	-	25,351	-	25,351	22,773	2,578
Northeast Boreal Region								
5.0.1	Regulatory Approvals	2,335	-	2,335	-	2,335	2,491	(156)
5.0.2	Environmental Enforcement and Monitoring	1,076	-	1,076	-	1,076	1,080	(4)
5.0.3	Client and Licensing Services	2,646	-	2,646	-	2,646	2,488	158
5.0.4	Enforcement Field Services	2,332	-	2,332	-	2,332	2,453	(121)
5.0.5	Water Management							
	Operating Expense	797	-	797	-	797	785	12
	Capital Investment	35	-	35	-	35	34	1
5.0.6	Fisheries and Wildlife Management	1,134	-	1,134	-	1,134	1,110	24
5.0.7	Parks and Protected Areas							
	Operating Expense	1,342	-	1,342	-	1,342	1,296	46
	Capital Investment	215	-	215	-	215	131	84

Department of Environment
Schedule to the Financial Statements

Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget

For the year ended March 31, 2001
(in thousands)

Schedule 5 - cont'd

		2001						
		Estimates	Adjustments(a)	Budget	Authorized Supplementary (b)	Authorized Budget(c)	Actual Expense(d)	Unexpended (Over Expended)
5.0.8	Forest Management							
	Operating Expense	2,704	-	2,704	-	2,704	3,391	(687)
	Capital Investment	11	-	11	-	11	-	11
5.0.9	Forest Protection							
	Operating Expense	3,264	-	3,264	-	3,264	2,565	699
	Capital Investment	6	-	6	-	6	-	6
5.0.10	Land Administration							
	Operating Expense	1,034	-	1,034	-	1,034	1,203	(169)
	Capital Investment	5	-	5	-	5	-	5
5.0.11	Amortization of Capital Investment	1,218	-	1,218	-	1,218	1,132	86
5.0.12	Nominal Sum Disposal	1,666	-	1,666	-	1,666	-	1,666
	TOTAL PROGRAM 5	21,820	-	21,820	-	21,820	20,159	1,661
Northern East Slopes Region								
6.0.1	Regulatory Approvals	1,817	-	1,817	-	1,817	1,739	78
6.0.2	Environmental Enforcement and Monitoring	601	-	601	-	601	637	(36)
6.0.3	Client and Licensing Services	1,060	-	1,060	-	1,060	813	247
6.0.4	Enforcement Field Services	2,583	-	2,583	-	2,583	2,741	(158)
6.0.5	Water Management							
	Operating Expense	845	-	845	-	845	995	(150)
	Capital Investment	150	-	150	-	150	139	11
6.0.6	Fisheries and Wildlife Management	702	-	702	-	702	701	1
6.0.7	Parks and Protected Areas							
	Operating Expense	523	-	523	-	523	324	199
	Capital Investment	297	-	297	-	297	227	70
6.0.8	Forest Management							
	Operating Expense	2,660	-	2,660	-	2,660	3,645	(985)
	Capital Investment	22	-	22	-	22	-	22
6.0.9	Forest Protection							
	Operating Expense	2,284	-	2,284	-	2,284	1,652	632
	Capital Investment	70	-	70	-	70	-	70
6.0.10	Land Administration							
	Operating Expense	991	-	991	-	991	1,102	(111)
	Capital Investment	-	-	-	-	-	-	-
6.0.11	Amortization of Capital Investment	2,147	-	2,147	-	2,147	1,317	830
6.0.12	Nominal Sum Disposal	1,666	-	1,666	-	1,666	-	1,666
	TOTAL PROGRAM 6	18,418	-	18,418	-	18,418	16,032	2,386
Bow Region								
7.0.1	Regulatory Approvals	2,198	-	2,198	-	2,198	2,303	(105)
7.0.2	Environmental Enforcement and Monitoring	802	-	802	-	802	845	(43)
7.0.3	Client and Licensing Services	3,068	-	3,068	-	3,068	3,572	(504)
7.0.4	Enforcement Field Services	3,193	-	3,193	-	3,193	2,368	825
7.0.5	Water Management							
	Operating Expense	2,016	-	2,016	-	2,016	1,611	405
	Capital Investment	211	-	211	-	211	210	1
7.0.6	Fisheries and Wildlife Management	634	-	634	-	634	649	(15)

Department of Environment
Schedule to the Financial Statements

Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget

For the year ended March 31, 2001
(in thousands)

Schedule 5 - cont'd

		2001						
		Estimates	Adjustments(a)	Budget	Authorized Supplementary (b)	Authorized Budget(c)	Actual Expense(d)	Unexpended (Over Expended)
7.0.7	Parks and Protected Areas							
	Operating Expense	6,214	-	6,214	-	6,214	7,166	(952)
	Capital Investment	1,110	-	1,110	-	1,110	757	353
7.0.8	Forest Management	595	-	595	-	595	415	180
7.0.9	Forest Protection	598	-	598	-	598	479	119
7.0.10	Land Administration	66	-	66	-	66	345	(279)
7.0.11	Amortization of Capital Investment	10,699	-	10,699	-	10,699	11,471	(772)
7.0.12	Nominal Sum Disposal	1,666	-	1,666	-	1,666	-	1,666
	TOTAL PROGRAM 7	33,070	-	33,070	-	33,070	32,191	879
Parkland Region								
8.0.1	Regulatory Approvals	2,484	-	2,484	-	2,484	2,499	(15)
8.0.2	Environmental Enforcement and Monitoring	571	-	571	-	571	677	(106)
8.0.3	Client and Licensing Services							
	Operating Expense	3,128	-	3,128	-	3,128	3,163	(35)
	Capital Investment	-	-	-	-	-	2	(2)
8.0.4	Enforcement Field Services	2,515	-	2,515	-	2,515	2,871	(356)
8.0.5	Water Management							
	Operating Expense	2,124	-	2,124	-	2,124	1,990	134
	Capital Investment	351	-	351	-	351	367	(16)
8.0.6	Fisheries and Wildlife Management	817	-	817	-	817	876	(59)
8.0.7	Parks and Protected Areas							
	Operating Expense	1,830	-	1,830	-	1,830	1,450	380
	Capital Investment	350	-	350	-	350	229	121
8.0.8	Forest Management							
	Operating Expense	1,569	-	1,569	-	1,569	1,883	(314)
	Capital Investment	8	-	8	-	8	-	8
8.0.9	Forest Protection							
	Operating Expense	1,696	-	1,696	-	1,696	1,358	338
	Capital Investment	11	-	11	-	11	5	6
8.0.10	Land Administration							
	Operating Expense	700	-	700	-	700	664	36
	Capital Investment	4	-	4	-	4	-	4
8.0.11	Amortization of Capital Investment	3,237	-	3,237	-	3,237	3,886	(649)
8.0.12	Nominal Sum Disposal	1,666	-	1,666	-	1,666	-	1,666
	TOTAL PROGRAM 8	23,061	-	23,061	-	23,061	21,920	1,141
Prairie Region								
9.0.1	Regulatory Approvals	1,471	-	1,471	-	1,471	1,507	(36)
9.0.2	Environmental Enforcement and Monitoring	433	-	433	-	433	461	(28)
9.0.3	Client and Licensing Services	3,525	-	3,525	-	3,525	3,855	(330)
9.0.4	Enforcement Field Services	2,613	-	2,613	-	2,613	2,619	(6)
9.0.5	Water Management							
	Operating Expense	4,084	-	4,084	-	4,084	4,387	(303)
	Capital Investment	750	-	750	-	750	244	506
9.0.6	Fisheries and Wildlife Management	878	-	878	-	878	857	21

Department of Environment
Schedule to the Financial Statements

Comparison of Expenses - Directly Incurred and Capital Investments by Element to Authorized Budget

For the year ended March 31, 2001
(in thousands)

Schedule 5 - cont'd

		2001						
		Estimates	Adjustments(a)	Budget	Authorized Supplementary (b)	Authorized Budget(c)	Actual Expense(d)	Unexpended (Over Expended)
9.0.7	Parks and Protected Areas							
	Operating Expense	1,498	-	1,498	-	1,498	1,613	(115)
	Capital Investment	465	-	465	-	465	360	105
9.0.8	Forest Management	462	-	462	-	462	549	(87)
9.0.9	Forest Protection	360	-	360	-	360	333	27
9.0.10	Land Administration	205	-	205	-	205	205	-
9.0.11	Amortization of Capital Investment	5,913	-	5,913	-	5,913	4,638	1,275
9.0.12	Nominal Sum Disposal	1,668	-	1,668	-	1,668	-	1,668
	TOTAL PROGRAM 9	24,325	-	24,325	-	24,325	21,628	2,697
Reporting Agencies								
10.1	Administrative Appeal Services							
10.1.1	Environmental Appeal Board	891	-	891	-	891	898	(7)
	Total Sub-Program	891	-	891	-	891	898	(7)
10.2	Assistance to Natural Resources Conservation Board							
10.2.1	Natural Resources Conservation Board	1,352	-	1,352	-	1,352	652	700
	Total Sub-Program	1,352	-	1,352	-	1,352	652	700
	TOTAL PROGRAM 10	2,243	-	2,243	-	2,243	1,550	693
	Dedicated Revenue Shortfall (Schedule 2)	-	(4,356)	(4,356)	-	(4,356)	-	(4,356)
		$ 332,506	$ (4,356)	$ 328,150	$ 33,000	$ 361,150	$ 340,639	$ 20,511
Program Operating Expense		$ 320,281	$ (3,451)	$ 316,830	$ 33,000	$ 349,830	$ 333,245	$ 16,585
Program Capital Investment		12,225	(905)	11,320	-	11,320	7,394	3,926
		$ 332,506	$ (4,356)	$ 328,150	$ 33,000	$ 361,150	$ 340,639	$ 20,511
Statutory Expenses:								
Valuation Adjustments		$ 1,189	$ -	$ 1,189	$ -	$ 1,189	$ 1,761	$ (572)
		$ 1,189	$ -	$ 1,189	$ -	$ 1,189	$ 1,761	$ (572)

(a) Adjustments include dedicated revenue shortfalls. In the event that actual voted operating expenses or capital investments in the prior year exceed that authorized, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for voted expenses in the current year.

(b) The Supplementary Estimate was approved on December 4, 2000. Treasury Board approval is pursuant to section 29(1.1) of the *Financial Administration Act*.

(c) Transfer of unexpended balances as a result of Order in Council 96/2001 has not been reflected in this schedule (Note 10).

(d) Includes achievement bonus of $1,221.

Salary and Benefits Disclosure

For the year ended March 31, 2001

Schedule 6

	2001			2000
	Salary[1]	Benefits and Allowances[2]	Total	Total
CURRENT EXECUTIVES				
Deputy Minister[3][4]	[illegible]	[illegible]	[illegible]	$ 178,598
Assistant Deputy Ministers				
Environmental Service	[illegible]	[illegible]	[illegible]	130,865
Natural Resources Service	[illegible]	[illegible]	[illegible]	130,676
Land and Forest Service[4]	[illegible]	[illegible]	[illegible]	141,352
Bureau of Climate Change[5]	[illegible]	[illegible]	[illegible]	-
Executive Director, Financial Services	[illegible]	[illegible]	[illegible]	114,723
Director, Human Resource Service	[illegible]	[illegible]	[illegible]	113,609
Executive Director, Policy Secretariat	[illegible]	[illegible]	[illegible]	42,163

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives have not been restated and show the salary and benefits of the last incumbent at March 31, 2000.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(3) Automobile provided, no dollar amount included in benefits and allowances figures.

(4) Benefits and allowances include vacation payments to the Deputy Minister, $7,700 (2000, $7,232) and Assistant Deputy Minister, Land and Forest Service $4,766 (2000, $8,051).

(5) Position created on April 1, 2000.

Department of Environment
Schedule to the Financial Statements

Related Party Transactions

For the year ended March 31, 2001
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues				
Grants	$ 3,397	$ -	$ -	$ 34,940
Fees and Charges	-	-	150	141
	$ 3,397	$ -	$ 150	$ 35,081
Expenses - Directly Incurred				
Grants	$ 71,113	$ 127,417	$ 50	$ 53
Other Services	-	-	2,880	2,496
	$ 71,113	$ 127,417	$ 2,930	$ 2,549
Capital Assets Transferred	$ -	$ -	$ -	$ 2,267
Receivable From	$ 3,397	$ 1,510	$ -	$ -
Payable To	$ 56,795	$ 52,910	$ -	$ -

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Expenses - Incurred by Others				
Accommodation	$ -	$ -	$ 19,174	$ 17,435
Legal	-	-	1,983	1,794
	$ -	$ -	$ 21,157	$ 19,229

Department of Environment
Schedule to the Financial Statements

Salary and Benefits Disclosure

For the year ended March 31, 2001

Schedule 6

	2001			2000
	Salary[1]	Benefits & Allowances[2]	Total	Total
CURRENT EXECUTIVES				
Deputy Minister[3][4]	$ 161,700	$ 62,146	$ 223,846	$ 178,598
Assistant Deputy Ministers				
Environmental Service	120,181	34,880	155,061	130,865
Natural Resources Service	120,181	35,165	155,346	130,676
Land and Forest Service[4]	131,011	20,762	151,773	141,352
Bureau of Climate Change[5]	120,181	29,509	149,690	-
Executive Director, Financial Services	108,594	24,369	132,963	114,723
Director, Human Resource Service	100,993	18,300	119,293	113,609
Executive Director, Policy Secretariat	100,562	19,191	119,753	42,163

The presentation format has changed with prospective application from April 1, 2000. Under the new format the total salary and benefits relating to a position are disclosed. Comparatives have not been restated and show the salary and benefits of the last incumbent at March 31, 2000.

(1) Salary includes regular base pay, bonuses, overtime and lump sum payments.

(2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(3) Automobile provided, no dollar amount included in benefits and allowances figures.

(4) Benefits and allowances include vacation payments to the Deputy Minister, $7,700 (2000, $7,232) and Assistant Deputy Minister, Land and Forest Service $4,766 (2000, $8,051).

(5) Position created on April 1, 2000.

Department of Environment
Schedule to the Financial Statements

Related Party Transactions

For the year ended March 31, 2001
(in thousands)

Schedule 7

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2001	2000	**2001**	2000
Revenues				
Grants	**$ 3,397**	$ -	**$ -**	$ 34,940
Fees and Charges	**-**	-	**150**	141
	$ 3,397	$ -	**$ 150**	$ 35,081
Expenses - Directly Incurred				
Grants	**$ 71,113**	$ 127,417	**$ 50**	$ 53
Other Services	**-**	-	**2,880**	2,496
	$ 71,113	$ 127,417	**$ 2,930**	$ 2,549
Capital Assets Transferred	**$ -**	$ -	**$ -**	$ 2,267
Receivable From	**$ 3,397**	$ 1,510	**$ -**	$
Payable To	**$ 56,795**	$ 52,910	**$ -**	$

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2001	2000	**2001**	2000
Expenses - Incurred by Others				
Accommodation	**$ -**	$	**$ 19,174**	$ 17,435
Legal	**-**		**1,983**	1,794
	$ -	$	**$ 21,157**	$ 19,229

Department of Environment
Schedule to the Financial Statements

Allocated Costs

For the year ended March 31, 2001
(in thousands)

Schedule 8

Program	Expenses[1]	Allocated Other Costs	Legal Services	Valuation Adjustments	Doubtful Accounts	Total Expenses	2000 Total Expenses
Business Sustaining Services	$ 10,106	$ 463	$ 480	$ (52)	$ -	$ 11,297	$ 11,544
Policy Secretariat	3,857	222	-	(69)	(14)	4,016	2,718
Regulatory Approvals	12,017	849	-	(703)	-	12,163	11,885
Environmental Enforcement and Monitoring	11,317	568	82	332	-	12,129	11,371
Compliance	646	41	-	76	-	763	574
Environmental Sciences	9,812	618	-	(28)	(4)	10,401	9,833
Environmental Operations	9,510	581	418	1	-	10,502	12,188
Freedom of Information and Privacy	599	36	-	5	-	640	641
Climate Change	1,837	208	-	124	-	2,052	6,092
Client and Licensing Services	22,810	2,269	44	186	(21)	25,129	24,437
Enforcement Field Services	19,293	1,688	86	789	-	21,756	13,759
Water Management	28,765	1,996	288	126	1	31,060	29,663
Fisheries and Wildlife Management	12,238	4,804	30	291	-	16,553	12,685
Parks and Protected Areas	16,548	1,310	86	(402)	(129)	17,093	21,382
Forest Management	28,587	1,668	128	(294)	199	30,288	33,649
Forest Protection	16,599	1,268	87	183	-	18,659	16,987
Land Administration	15,592	859	185	636	(101)	16,971	16,370
Resource Data	9,791	961	1	186	(1)	10,328	9,814
Ecological Landscape	1,420	86	-	(2)	-	1,504	348
Fire Suppression	74,488	1,808	-	540	81	77,337	180,361
Other	2,710	-	-	1,298	1	4,009	26,803
	$ 321,652	$ 20,475	$ 1,514	$ 1,726	$ 41	$ 345,408	$ 453,104

(1) Expenses - directly incurred as per Statement of Operations, excluding valuation adjustments.

Department of Environment

Statement of Remissions, Comprises and Write-Offs

For the year ended March 31, 2001
unaudited
(in thousands)

The following statement has been prepared pursuant to Section 28 of the *Financial Administration Act*. This statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

	2000/2001
Remissions under Section 26 of the *Financial Administration Act*:	$ 508
Compromises under Section 27 of the *Financial Administration Act*:	
Other Accounts Receivable:	
Environmental Protection and Enhancement Act	-
Write-offs:	
Department of Environment	
Accounts Receivable	52
Total remissions, compromises and write-offs	$ 560

Department of Environment
Schedule to the Financial Statements
Allocated Costs
For the year ended March 31, 2001
(in thousands)

Schedule 8

	2001						2000
		Expenses-Incurred by Others		Valuation Adjustments			
Program	Expenses[1]	Accommodation Costs	Legal Services	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Business Sustaining Services	$ 10,104	$ 463	$ 800	$ (80)	$ -	$ 11,287	$ 11,544
Policy Secretariat	3,867	222	-	(55)	(16)	4,018	2,718
Regulatory Approvals	12,017	349	-	(203)	-	12,163	11,885
Environmental Enforcement and Monitoring	11,317	568	32	212	-	12,129	11,371
Compliance	646	41	-	76	-	763	574
Environmental Sciences	9,812	618	-	(23)	(6)	10,401	9,833
Environmental Operations	9,510	581	410	1	-	10,502	12,188
Freedom of Information and Privacy	599	36	-	5	-	640	641
Climate Change	1,827	101	-	124	-	2,052	6,092
Client and Licensing Services	22,810	2,069	66	186	(2)	25,129	24,437
Enforcement Field Services	19,293	1,680	36	749	-	21,758	13,759
Water Management	28,705	1,994	222	138	1	31,060	29,663
Fisheries and Wildlife Management	12,228	4,024	20	281	-	16,553	12,685
Parks and Protected Areas	16,342	1,253	54	(422)	(129)	17,098	21,382
Forest Management	28,387	1,862	120	(288)	199	30,280	33,649
Forest Protection	16,999	1,240	37	333	-	18,609	16,987
Land Administration	15,392	859	185	636	(101)	16,971	16,370
Resource Data	9,791	363	1	166	(1)	10,320	9,814
Ecological Landscape	1,423	28	-	33	-	1,484	348
Fire Suppression	74,463	823	-	(44)	95	75,337	180,361
Other	27,713	-	-	(105)	1	27,609	26,803
	$ 333,245	$ 19,174	$ 1,983	$ 1,720	$ 41	$ 356,163	$ 453,104

(1) Expenses directly incurred as per Statement of Operations, excluding valuation adjustments.

Department of Environment

Statement of Remissions, Comprises and Write-Offs

For the year ended March 31, 2001
unaudited
(in thousands)

The following statement has been prepared pursuant to Section 28 of the *Financial Administration Act*. This statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

	2000/2001
Remissions under Section 26 of the *Financial Administration Act*:	$ 508
Compromises under Section 27 of the *Financial Administration Act*:	
Other Accounts Receivable:	
Environmental Protection and Enhancement Act	-
Write-offs:	
Department of Environment	
Accounts Receivable	52
Total remissions, compromises and write-offs	$ 560

Auditor's Report

To the Ministers of Environment and Sustainable Resource Development

I have audited the statement of financial position of the Environmental Protection and Enhancement Fund as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Environmental Protection and Enhancement Fund is required to follow the corporate government accounting policies and reporting practices established by Alberta Treasury, including the following policy that is an exception from Canadian generally accepted accounting principles. Capital asset purchases under $15,000 have been expensed in the year acquired and have not been recognized as an asset in the accompanying statement of financial position. Consequently, the annual amortization of these assets has not been recognized in the statement of operations. Since the Fund does not separately identify expenses that are capital in nature, the amount of the misstatement cannot reasonably be determined; however, I believe it to be material.

In my opinion, except for the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
May 23, 2001

Environmental Protection and Enhancement Fund

Statement of Operations

For the year ended March 31, 2001
(in thousands)

	2001 Budget	2001 Actual	2000 Actual
Revenues			
Transfer from the Department (Note 11)	$ 75,612	$ 138,982	$ 239,476
Fees, Permits and Licenses	838	738	817
Timber Supplemental Fees	500	575	461
Investment Income	-	4,844	1,346
Other Revenue	-	403	53
	76,950	145,542	242,153
Expenses			
Forest Development Research Program	536	581	495
Land Reclamation	750	617	400
Natural Resources Emergency Program			
Forest Fires	12,000	92,749	132,145
Forest Health Program	500	499	3,250
Emergency Spills and Cleanup	250	383	369
Intercept Feeding and Fencing	90	136	146
Drought/Flood Emergencies	2,000	1,590	767
Fish and Wildlife	-	241	272
Special Waste Management Program	1,020	1,001	1,138
Debt Servicing (Note 5)	-	-	2,901
	17,116	98,054	141,883
Net Operating Results	$ 59,834	$ 47,488	$ 100,270

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Financial Position

As at March 31, 2001
(in thousands)

	2001	2000
Assets		
Cash (Note 3)	$ 117,393	$ 70,154
Accounts Receivable (Note 4)	57,277	52,999
Buildings Held for Resale	1,111	1,111
	$ 175,781	$ 124,264
Liabilities		
Accounts Payable and Accrued Liabilities	$ 6,143	$ 4,243
Unearned Revenue (Note 9)	7,017	-
Provision for Cell Monitoring and Remediation (Note 6)	996	1,050
Provision for Future Removal and Site Restoration (Note 7)	11,625	11,062
	25,781	16,355
Net Assets		
Net Assets at Beginning of Year	107,909	7,639
Net Operating Results	45,488	100,270
Transfer to Department of Environment (Note 10)	(3,397)	-
Net Assets at End of Year (Note 10)	150,000	107,909
	$ 175,781	$ 124,264

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Operations

For the year ended March 31, 2001
(in thousands)

	2001 Budget	2001 Actual	2000 Actual
Revenues			
Transfer from the Department (Note 11)	$ 75,612	$ 136,925	$ 239,476
Fees, Permits and Licenses	838	785	817
Timber Supplemental Fees	500	575	461
Investment Income	-	4,844	1,346
Other Revenue	-	413	53
	76,950	143,542	242,153
Expenses			
Forest Development Research Program	536	581	495
Land Reclamation	750	617	400
Natural Resources Emergency Program			
Forest Fires	12,000	92,745	132,145
Forest Health Program	500	499	3,250
Emergency Spills and Cleanup	250	595	369
Intercept Feeding and Fencing	80	76	146
Drought/Flood Emergencies	2,000	1,599	767
Fish and Wildlife	-	341	272
Special Waste Management Program	1,000	1,001	1,138
Debt Servicing (Note 5)	-	-	2,901
	17,116	98,054	141,883
Net Operating Results	$ 59,834	$ 45,488	$ 100,270

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Financial Position

As at March 31, 2001

(in thousands)

	2001	2000
Assets		
Cash (Note 3)	$ 117,193	$ 70,154
Accounts Receivable (Note 4)	57,477	52,999
Buildings Held for Resale	1,111	1,111
	$ 175,781	$ 124,264
Liabilities		
Accounts Payable and Accrued Liabilities	$ 6,143	$ 4,243
Unearned Revenue (Note 9)	7,017	
Provision for Cell Monitoring and Remediation (Note 6)	996	1,050
Provision for Future Removal and Site Restoration (Note 7)	11,625	11,062
	25,781	16,355
Net Assets		
Net Assets at Beginning of Year	107,909	7,639
Net Operating Results	45,488	100,270
Transfer to Department of Environment (Note 10)	(3,397)	
Net Assets at End of Year (Note 10)	150,000	107,909
	$ 175,781	$ 124,264

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Changes in Financial Position

For the year ended March 31, 2001

(in thousands)

	2001	2000
Operating Transactions		
Net Operating Results	$ 45,488	$ 100,270
Increase in Accounts Receivable	(4,478)	(6,063)
Decrease in Inventories	-	911
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,900	(6,461)
Increase in Unearned Revenue	7,017	-
Decrease in Provision for Cell Monitoring and Remediation	(54)	-
Increase in Provision for Future Removal and Site Restoration	563	653
Cash Provided by Operating Transactions	50,436	89,310
Financing Transactions		
Repayment to Alberta Treasury	-	(40,000)
Transfer to Department of Environment (Note 10)	(3,397)	-
Cash Used by Financing Transactions	(3,397)	(40,000)
Net Cash Provided	47,039	49,310
Cash, Beginning of Year	70,154	20,844
Cash, End of Year	$ 117,193	$ 70,154

The accompanying notes and schedules are part of these financial statements.

Environmental Protection and Enhancement Fund

Statement of Changes in Financial Position

For the year ended March 31, 2001

(in thousands)

	2001	2000
Operating Transactions		
Net Operating Results	$ 45,488	$ 100,270
Increase in Accounts Receivable	(4,478)	(6,063)
Decrease in Inventories	-	911
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,900	(6,461)
Increase in Unearned Revenue	7,017	-
Decrease in Provision for Cell Monitoring and Remediation	(54)	-
Increase in Provision for Future Removal and Site Restoration	563	653
Cash Provided by Operating Transactions	50,436	89,310
Financing Transactions		
Repayment to Alberta Treasury	-	(40,000)
Transfer to Department of Environment (Note 10)	(3,397)	-
Cash Used by Financing Transactions	(3,397)	(40,000)
Net Cash Provided	47,039	49,310
Cash, Beginning of Year	70,154	20,844
Cash, End of Year	$ 117,193	$ 70,154

The accompanying notes and schedules are part of these financial statements.

NOTE 1

Authority and Purpose

The Environmental Protection and Enhancement Fund (the Fund) operates under the authority of the *Environmental Protection and Enhancement Act*, Chapter E 13.3 Statutes of Alberta.

The Fund is comprised of the following components:

Forest Development Research Program

Land Reclamation

Natural Resources Emergency Program

Special Waste Management Program
(Commenced November 1, 1998)

The Fund shall be used for the purposes of environmental protection and enhancement and emergencies with respect to any matter that is under the administration of the Minister of Environment.

NOTE 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector, are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Fund, which is part of the Ministry of Environment (the Ministry) and for which the Minister of Environment is accountable. Other entities reporting to the Minister include the Department of Environment and the Natural Resources Conservation Board. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the

entities making the transfer does not receive any goods or services directly in return.

Expenses

Expenses represent the costs of resources consumed during the year on the Fund's operations.

Assets

Land held for resale is recorded at the lower of cost and net realizable value.

Liabilities

Liabilities represent all financial claims payable by the Fund at fiscal year end.

Net Assets

Net assets represent the difference between the value of assets held by the Fund and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, and accounts payable and accrued liabilities are estimated to approximate their book values.

NOTE 3

Cash

Cash is deposited in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is being managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality, short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of the CCITF investments, carrying value approximates fair value.

NOTE 4

Accounts Receivable

	2001	2000
Department of Environment	$ 56,795	$ 52,885
Other	682	114
	57,477	52,999

NOTE 5

Debt Servicing

In 1999, the Fund required additional funding for fire costs. The interest rate charged on the outstanding balance was the daily-published average of the bid price of one-month Canada bankers' acceptance rates. Interest charges were calculated on a pro rata basis for the number of days the advance was outstanding.

NOTE 6

Provision for Cell Monitoring and Remediation

The Fund is responsible for maintaining the integrity of landfill cells at Swan Hills waste treatment plant. When transferred to the Fund on November 1, 1998, the estimated obligation for required future cell monitoring, repair, or replacement was $1,050. In 2001, the Fund expensed $54 in the Special Waste Management Program to fulfill its monitoring duties.

NOTE 7

Provision for Future Removal and Site Restoration

The Fund is responsible for site remediation upon closure of Swan Hills waste treatment plant.

In 1995, decommissioning costs were estimated to be $42,000, based on a consultant's study. As at March 31, 1998, $9,750 had been amortized.

In 1998, a second consultant's report indicated that the estimated cost of decommissioning could range from $8,900 to $21,600. As of April 1, 1998, $21,000 has been used as the revised estimate for decommissioning. The period of amortization remained unchanged. As a result, the remaining $11,250 of unamortized costs is being amortized at $625 per year over the remaining 18 years. Because decommissioning methods and cost assumptions can change, these estimates may decrease or increase by a material amount.

Effective December 31, 2000, BOVAR returned the Swan Hills waste treatment plant to Alberta Environment. The Alberta government has contracted with a private sector company to operate the plant. Operating results of the plant are reported by the Department of Infrastructure. The government is determining the long term plans for the waste treatment plant. Depending on the final outcome of those plans, the remaining amortization period of 15 years as at March 31, 2001, may be adjusted.

NOTE 8

Commitments

As at March 31, 2001, the Fund has the following commitments:

	2001	2000
Service Contracts	$ 88,420	$ 82,478
Long Term Leases (a)	642	-
	$ 89,062	$ 82,478

(a) The Fund leases certain equipment under operating leases that expire on various dates up to 2005. The aggregate amounts payable for the unexpired terms of leases are as follows:

2002	$ 166
2003	206
2004	134
2005	136
Total	$ 642

NOTE 9

Contingencies

During the year, Smoky River Coal Ltd. (SRCL) declared bankruptcy. As a result the Fund cashed the $7,136 letter of credit that SRCL had provided to the Department of Environment. The letter of credit was intended to cover reclamation work in the event that SRCL was unable to perform the work itself. Issues such as determining the level of site reclamation required, determining shared responsibility with related parties, and the assumption of some of the reclamation work by subsequent operators of the site need to be resolved. As a result, an estimate of the costs of SRCL site reclamation for which the Fund is contingently liable cannot be made at this time.

NOTE 10

Surplus

The Net Assets for the Fund are capped at $150,000 as per an Alberta Treasury directive.

NOTE 11

Transfer from the Department

The following revenue was received or is receivable from the Department of Environment:

	2001	2000
Revenue in excess of Department's Base Revenue[1]	$ 66,464	$ 112,779
Fire Fighting Grant Revenue	38,461	-
Supplementary Estimate:		
Forest Fires	32,000	123,047
Forest Health Program	-	2,750
Special Waste Management Program	-	900
	$ 136,925	$ 239,476

1) All revenue received by the Department that is in excess of the Department's base revenue of $54,045 (2000, $54,045).

NOTE 12

Salary and Benefits Disclosure

The Province's salary and benefit disclosure requirements for the Executives are disclosed in the financial statements of the Department of Environment.

NOTE 13

Budget Figures

The revenue and expenditure budget amounts disclosed in these financial statements agree with the 1999-2000 government estimates.

NOTE 14

Government Restructuring

On March 15, 2001, the government announced new ministry structures. As a result, effective March 19, 2001 the Environmental Protection and Enhancement Fund was transferred to the newly established Ministry of Sustainable Resource Development.

NOTE 15

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Ministers.

M121

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Environmental Protection and Enhancement Fund
Schedule to Financial Statements

Expenses - Directly Incurred Detailed by Object

March 31, 2001
(in thousands)

	2001 Budget	2001 Actual	2000 Actual
Salaries, Wages and Employee Benefits	$ 1,412	$ 19,540	$ 14,800
Supplies and Services	14,221	77,214	122,993
Grants	483	675	536
Financial Transactions and Other	1,000	625	3,554
Total Expenses	$ 17,116	$ 98,054	$ 141,883

Environmental Protection and Enhancement Fund
Schedule to Financial Statements

Related Party Transactions

March 31, 2001
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Fund.

The Fund had the following transactions with related parties recorded on the statement of operations at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2001	2000	2001	2000
Revenues				
Transfers from the Department	$ 66,464	$ 112,779	$ -	$ -
Grant	70,461	126,697	-	-
	$ 136,925	$ 239,476	$ -	$ -
Expenses				
Other Services	$ -	$ -	$ 3,114	$ 3,644
Interest	-	-	-	2,901
	$ -	$ -	$ 3,114	$ 6,545
Receivable From	$ 56,795	$ 52,885	$ -	$ -
Payable To	$ 3,397	$ 1,510	$ -	$ 402

Environmental Protection and Enhancement Fund
Schedule to Financial Statements

Expenses - Directly Incurred Detailed by Object

March 31, 2001
(in thousands)

	2001 Budget	2001 Actual	2000 Actual
Salaries, Wages and Employee Benefits	$ 1,412	$ 19,540	$ 14,800
Supplies and Services	14,221	77,214	122,993
Grants	483	675	536
Financial Transactions and Other	1,000	625	3,554
Total Expenses	$ 17,116	$ 98,054	$ 141,883

Environmental Protection and Enhancement Fund
Schedule to Financial Statements

Related Party Transactions

March 31, 2001
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Fund.

The Fund had the following transactions with related parties recorded on the statement of operations at the amount of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2001	2000	**2001**	2000
Revenues				
Transfers from the Department	**$ 66,464**	$ 112,779	**$ -**	$ -
Grant	**70,461**	126,697	**-**	
	$ 136,925	$ 239,476	**$ -**	$ -
Expenses				
Other Services	**$ -**	$ -	**$ 3,114**	$ 3,644
Interest	**-**	-	**-**	2,901
	$ -	$ -	**$ 3,114**	$ 6,545
Receivable From	**$ 56,795**	$ 52,885	**$ -**	$ -
Payable To	**$ 3,397**	$ 1,510	**$ -**	$ 402

Auditor's Report

To the Members of the Natural Resources Conservation Board

I have audited the statement of financial position of the Natural Resources Conservation Board as at March 31, 2001 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
May 14, 2001

Natural Resources Conservation Board

Statement of Operations

For the year ended March 31, 2001

			2000 Actual
Revenue			
Grant from the Department of Environment	[illegible]	[illegible]	$ 720,861
Interest	[illegible]	[illegible]	90,772
Other	[illegible]	[illegible]	5,013
	[illegible]	[illegible]	816,646
Expenses (Note 2c and Schedule 1)			
Salaries and Employee Benefits (Note 7)	[illegible]	[illegible]	446,985
Achievement Bonus and Benefits (Note 7)	[illegible]	[illegible]	26,889
Contribution to EUB (Note 8)	[illegible]	[illegible]	155,934
Contribution from EUB (Note 8)	[illegible]	[illegible]	-
Transcripts and Office	[illegible]	[illegible]	23,783
Travel and Automobile	[illegible]	[illegible]	12,395
Amortization of Capital Assets	[illegible]	[illegible]	49,185
Technical Proficiency and Training (Note 7)	[illegible]	[illegible]	10,077
Consulting and Professional Fees	[illegible]	[illegible]	7,855
Telecommunications	[illegible]	[illegible]	10,662
Postage, Freight and Courier	[illegible]	[illegible]	881
Advertising	[illegible]	[illegible]	1,203
Hosting and Promotion	[illegible]	[illegible]	717
Hearing Room Rent and Parking	[illegible]	[illegible]	410
	[illegible]	[illegible]	746,976
Net Operating Results	[illegible]	[illegible]	$ 69,670

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board

Statement of Financial Position

As at March 31, 2001

		2000
Assets		
Current		
Cash (Note 3)	[illegible]	$ 1,128,715
Accounts Receivable	[illegible]	31,505
Current Assets	[illegible]	1,160,220
Capital Assets (Note 4)	[illegible]	44,960
	[illegible]	$ 1,205,180
Liabilities and Operating Surplus		
Current		
Accounts Payable	[illegible]	$ 64,348
Net Assets at Beginning of Year	[illegible]	1,071,162
Net Operating Results	[illegible]	69,670
Net Assets at End of Year	[illegible]	1,140,832
	[illegible]	$ 1,205,180

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board

Statement of Operations

For the year ended March 31, 2001

	2001 Budget (Note 6)	2001 Actual	2000 Actual
Revenue			
Grant from the Department of Environment	$ 1,352,000	$ 652,000	$ 720,861
Interest	56,000	107,633	90,772
Other	2,000	36,547	5,013
	1,410,000	796,180	816,646
Expenses (Note 2c and Schedule 1)			
Salaries and Employee Benefits (Note 7)	1,011,500	$ 442,142	446,985
Achievement Bonus and Benefits (Note 7)	-	20,088	26,889
Contribution to EUB (Note 8)	-	149,102	155,934
Contribution from EUB (Note 8)	-	31,296	-
Transcripts and Office	80,350	32,800	23,783
Travel and Automobile	153,150	20,193	12,395
Amortization of Capital Assets	50,000	19,180	49,185
Technical Proficiency and Training (Note 7)	18,500	15,986	10,077
Consulting and Professional Fees	45,000	14,975	7,855
Telecommunications	14,500	9,628	10,662
Postage, Freight and Courier	7,200	2,020	881
Advertising	16,200	1,374	1,203
Hosting and Promotion	1,200	458	717
Hearing Room Rent and Parking	7,400	740	410
	1,405,000	760,282	746,976
Net Operating Results	$ 5,000	$ 35,898	$ 69,670

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board

Statement of Financial Position

As at March 31, 2001

	2001	2000
Assets		
Current		
Cash (Note 3)	**$ 1,176,282**	$ 1,128,715
Accounts Receivable	**1,806**	31,505
Current Assets	**1,178,088**	1,160,220
Capital Assets (Note 4)	**56,930**	44,960
	$ 1,235,018	$ 1,205,180
Liabilities and Operating Surplus		
Current		
Accounts Payable	**$ 58,288**	$ 64,348
Net Assets at Beginning of Year	**1,140,832**	1,071,162
Net Operating Results	**35,898**	69,670
Net Assets at End of Year	**1,176,730**	1,140,832
	$ 1,235,018	$ 1,205,180

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board

Statement of Changes in Financial Position

For the year ended March 31, 2001

	2001	2000
Cash Provided By (Used In):		
Operating Activities		
Net Operating Results	$ 35,898	$ 69,670
Non-Cash Expense:		
Amortization	19,180	49,185
	55,078	118,855
Changes in Operating Non-Cash Working Capital		
Accounts Receivable	29,699	(9,741)
Accounts Payable	(6,060)	19,595
	78,717	128,709
Investing Activities		
Acquisition of Capital Assets	(31,150)	(8,704)
Net Increase (Decrease) in Cash	47,567	120,005
Cash, Beginning of Year	1,128,715	1,008,710
Cash, End of Year	$ 1,176,282	$ 1,128,715

The accompanying notes and schedules are part of these financial statements.

Natural Resources Conservation Board

Statement of Changes in Financial Position

For the year ended March 31, 2001

	2001	2000
Cash Provided By (Used In):		
Operating Activities		
Net Operating Results	$ 35,898	$ 69,670
Non-Cash Expense:		
Amortization	19,180	49,185
	55,078	118,855
Changes in Operating Non-Cash Working Capital		
Accounts Receivable	29,699	(9,741)
Accounts Payable	(6,060)	19,595
	78,717	128,709
Investing Activities		
Acquisition of Capital Assets	(31,150)	(8,704)
Net Increase (Decrease) in Cash	47,567	120,005
Cash, Beginning of Year	1,128,715	1,008,710
Cash, End of Year	$ 1,176,282	$ 1,128,715

The accompanying notes and schedules are part of these financial statements.

NOTE 1

Authority and Purpose

The Natural Resources Conservation Board (the "Board") operates under the authority of the *Natural Resources Conservation Board Act*, chapter N-5.5, Statutes of Alberta 1990. The Board provides for an impartial process to review projects that will or may affect the natural resources of the Province of Alberta.

NOTE 2

Significant Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

(a) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Assets are amortized over their estimated useful lives commencing in the month following acquisition, using the following annual rates and methods:

Computer Hardware	-	33 1/3% straight line
Computer Software	-	100% straight line
Office Equipment	-	20% declining balance
Office Furniture	-	20% declining balance

(b) Revenue Recognition

Operating grants are recorded as revenue in the years for which they are approved. All revenues are reported on the accrual method of accounting.

(c) Expenses

Directly Incurred

Directly incurred expenses are those costs the NRCB has primary responsibility and accountability for, as reflected in the budget. Directly incurred expenses include:

- amortization of capital assets,
- pension costs which comprise the cost of employer contributions for current service of employees during the year.

Incurred by Others

Services contributed at no cost by other entities in support of NRCB's operations are disclosed in Note 8 and Schedule 1.

(d) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of accounts receivable and accounts payable are estimated to approximate their book values.

(e) Net Assets/Net Liabilities

Net assets/net liabilities represents the difference between the value of assets held by the Board and its liabilities.

NOTE 3

Cash

Cash is invested in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of five years. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

NOTE 4

Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Computer Hardware	$ 192,233	$ 165,343	$ 26,890	$ 8,808
Computer Software	23,350	19,855	3,495	4,416
Office Equipment	27,447	19,886	7,561	8,933
Office Furniture	113,166	94,182	18,984	22,803
	$ 356,196	$ 299,266	$ 56,930	$ 44,960

NOTE 5

Pension

The Board maintains a defined contribution benefit plan for its employees. Pension expense of $43,877 (2000, $46,895) is included in the Statement of Operations within salaries and employee benefits. Pension expense comprises the cost of employer contributions for current service of employees during the year.

NOTE 6

Budget

The 2000-2001 budget was approved by the Board on May 11, 2000.

NOTE 7
Salaries and Benefits

	2001			2000
	Salary[1]	Benefits and Allowances [2]	Total	Total
Chairman of the Board [3]	$ 304	$ -	$ 304	$ 27,938
Board Counsel	107,086	19,585	126,671	122,520
Acting Board Members [4]	15,712	-	15,712	2,906

(1) Salary includes regular base pay, lump sum payments, achievement bonus awards and other direct cash remuneration.

(2) The Board's share of all employee benefits and contributions or payments made on behalf of employees including the Board's share of pension contributions, statutory and flexible health benefits, professional development, personal development incentives, and payments in lieu of vacation. The Board is a participant in the Alberta Energy and Utilities Board (EUB) flexible health benefit plan.

(3) The Chairman is also an EUB board member. His salary is reported in the EUB's financial statements. In the previous year, the Board reimbursed the EUB for that portion of the Chairman's time dedicated to the Board's business. In the current year, the shared services agreement with the EUB (see Note 8) no longer requires the Board to reimburse the EUB for the Chairman's work with the Board. The prorated expense for the Chairman's salary and benefits disclosed in Note 8 is $28,496.

(4) Acting Board Members are paid on the basis of contractual arrangements. This amount reflects total per diem for two individuals for the year.

NOTE 8
Shared Services

Expense	Contribution to AEUB	Contribution from AEUB
Manpower	$ 141,696	$ -
Travel	6,358	-
Office & Telecommunications	1,048	-
Totals 2000-2001	$ 149,102	$ 31,296
Totals 1999-2000	$ 155,934	$ 2,640

The Board has a Memorandum of Understanding (MOU) with the AEUB to share resources on an on-going basis. The MOU is reviewed annually. Under the MOU, the Board is both a service provider and a service recipient. As the service recipient, the NRCB receives manpower resources at no cost. These amounts are recognized in Other Revenues and Expenses as shown in the Statement of Operations.

NOTE 9
Related Party Transactions

The NRCB received $1,352,000 (2000, $1,270,861) in grant from the Department of Environment. In order to preserve its net assets at levels required for sound fiscal management, the Board returned $700,000 (2000, $550,000) for the net amount of $652,000 (2000, $720,861). In addition, the NRCB received contributed services from the AEUB of $31,296 (2000, $2,640) as shown in Note 8.

During the current year, the NRCB paid $23,514 (2000, $41,450) to various government of Alberta departments and agencies for supplies and/or services. The NRCB contributed $149,102 (2000, $155,934) in shared services to the AEUB as shown in Note 8. Certain expenses, primarily for office space incurred on behalf of the Board by Alberta Infrastructure, are reflected in Schedule 1. These expenses amount to approximately $112,773 (2000, $131,196).

NOTE 10
Comparative Figures

Certain 2000 figures have been reclassified to conform to the 2001 presentation.

NOTE 11
Government Restructuring

On March 15, 2001, the government announced new ministry structures. As a result, effective March 19, 2001, the Minister of Sustainable Resource Development is now responsible for the Natural Resources Conservation Board.

NOTE 12
Approval of Financial Statements

These financial statements were approved by the Board.

Natural Resources Conservation Board
Schedule to the Financial Statements

Allocated Costs

For the year ended March 31, 2001

Projects	2001 Expenses	Expenses Incurred by Others: Accommodation Costs	2001 Total Expenses	2000 (Restated) Total Expenses
Shared Services [1]	$ 179,560	$ 27,778	$ 207,338	$ 274,258
Highwood Storage	111,070	17,182	128,252	80,332
Glacier	68,781	10,640	79,421	2,692
United Industrial Services Ltd.	34,648	5,360	40,008	87,182
Grande Alberta Paper	801	124	925	13,561
Spray Lakes	1,127	174	1,301	18,435
Other Core Business [2]	137,438	21,261	158,699	206,377
Administration	195,561	30,254	225,815	195,334
Contributed Services from EUB	31,296	-	31,296	-
	$ 760,282	$ 112,773	$ 873,055	$ 878,171

(1) The shared services expense recorded here includes a portion of the Board's indirect overhead costs. The shared services expense shown in Note 8 records only direct costs.

(2) Other core business comprises expenses related to past and potential projects, research, meeting and professional development.

Natural Resources Conservation Board
Schedule to the Financial Statements
Allocated Costs
For the year ended March 31, 2001

Projects	2001 Expenses Incurred by Others: Expenses	Accommodation Costs	Total Expenses	2000 (Restated) Total Expenses
Shared Services [1]	$ 179,560	$ 27,778	$ 207,338	$ 274,258
Highwood Storage	111,070	17,182	128,252	80,332
Glacier	68,781	10,640	79,421	2,692
United Industrial Services Ltd.	34,648	5,360	40,008	87,182
Grande Alberta Paper	801	124	925	13,561
Spray Lakes	1,127	174	1,301	18,435
Other Core Business [2]	137,438	21,261	158,699	206,377
Administration	195,561	30,254	225,815	195,334
Contributed Services from EUB	31,296	-	31,296	
	$ 760,282	$ 112,773	$ 873,055	$ 878,171

(1) The shared services expense recorded here includes a portion of the Board's indirect overhead costs. The shared services expense shown in Note 8 records only direct costs.

(2) Other core business comprises expenses related to past and potential projects, research, meeting and professional development.

Alphabetical List of Entit
Information in Ministry

Alphabetical List of Entities' Financial Information in Ministry 2000 - 2001 Annual Report

Entities Included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Dairy Control Board	Agriculture, Food and Rural Development
Alberta Energy and Utilities Board	Resource Development
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Treasury
Alberta Heritage Foundation for Medical Research Endowment Fund	Treasury
Alberta Heritage Savings Trust Fund	Treasury
Alberta Heritage Scholarship Fund	Treasury
Alberta Heritage Science and Engineering Research Endowment Fund	Treasury
Alberta Historical Resources Foundation, The	Community Development
Alberta Informatics Circle of Research Excellence Inc. (iCORE)	Innovation and Science
Alberta Insurance Council	Treasury
Alberta Municipal Financing Corporation	Treasury
Alberta Opportunity Company	Agriculture, Food and Rural Development
Alberta Pensions Administration Corporation	Treasury
Alberta Petroleum Marketing Commission	Resource Development
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Treasury
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Treasury
Alberta Social Housing Corporation	Community Development
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Treasury
ATB Investment Services Inc.	Treasury
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	

Ministry, Department, Fund or Agency	Ministry Annual Report
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Treasury
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Environment	Environment
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Justice	Justice
Department of Learning	Learning
Department of Resource Development	Resource Development
Department of Treasury	Treasury
Environmental Protection and Enhancement Fund	Environment
Gainers Inc.	Treasury
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
Lottery Fund	Gaming
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development	Economic Development
Ministry of Environment	Environment
Ministry of Executive Council	Executive Council
Ministry of Gaming	Gaming
Ministry of Government Services	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment	Human Resources and Employment

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Infrastructure	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations	International and Intergovernmental Relations
Ministry of Justice	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs	Municipal Affairs
Ministry of Resource Development	Resource Development
Ministry of Treasury	Treasury
N.A. Properties (1994) Ltd.	Treasury
Natural Resources Conservation Board	Environment
Persons with Developmental Disabilities Community Boards	
Calgary Community Board	Health and Wellness
Central Community Board	Health and Wellness
Edmonton Community Board	Health and Wellness
Northeast Community Board	Health and Wellness
Northwest Community Board	Health and Wellness
South Community Board	Health and Wellness
Persons with Developmental Disabilities Foundation	Health and Wellness
Persons with Developmental Disabilities Michener Centre Facility Board	Health and Wellness
Persons with Developmental Disabilities Provincial Board	Health and Wellness
S C Financial Ltd.	Treasury
Supplementary Retirement Plan Reserve Fund	Treasury
Victims of Crime Fund	Justice
Wild Rose Foundation, The	Community Development

Entities Not Included in the Consolidated Government Reporting Entity

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Treasury
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Treasury
Long-Term Disability Income Continuance Plan -Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan -Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Treasury
Provincial Judges and Masters in Chambers Pension Plan	Treasury
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Treasury
Public Service Pension Plan	Treasury
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Treasury
Supplementary Retirement Plan for Public Service Managers	Treasury
Universities Academic Pension Plan	Treasury
Workers' Compensation Board	Human Resources and Employment